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The Week

REPLYING indirectly to the indirect announcement of the Japanese Foreign Office spokesman, the United States, through Ambassador Grew, has made a statement of its position regarding China. This statement emphasizes international law, the Nine Power Treaty and the Kellogg Pact. The traditional interpretation of these instruments would prevent Japan from interfering with the trade of other nations with China, or from taking aggressive military action. In reaffirming them we announce our intention to stick to the open door and the status quo; by inference we deny Japan's claim that she has any exclusive rights or interests where China is concerned. Two sentences are particularly pointed: "Treaties can be lawfully modified or be terminated only by processes prescribed or recognized or agreed upon by the parties to them," and "No nation can, without the assent of the other nations concerned, rightfully endeavor to make conclusive its will in a situation where there are involved other rights, the obligations and the legitimate interests of other sovereign states." Thus we deny that Japan has a right to change the situation except by mutual consent, we deny her expressed intention to be the sole judge of what is good for China and the East. The controversy is made more explicit, but it has not got anywhere. Each Power, now in the most friendly manner possible, tells the other that it will not retreat.

THE latest report on New York department-store sales, which The New York Times carried last week, affords another splendid example of the knack of headline writers in making a business story sound optimistic—at least to headline readers: "Big stores report heavy sales gain—Upturn of 32 percent in March . . . largest since 1920." That certainly sounds impressive. Turning to the story itself, however, we find several items that the headline—artist, shall we say—overlooked. One was the rather newsy bit that sales in the first two weeks of April had shown a sudden drop and were actually four percent below April of last year. Another was the important qualification that the 32-percent spurt in March was in unadjusted dollar volume—unadjusted, that is, for a rise of nearly 30 percent in prices and unadjusted for seasonal variations. Taking these factors into account, it develops that consumers bought less than three percent more goods this March than they did last March, the worst month of the depression. And similarly, with April dollar sales down four percent, it begins to appear that April consumption in terms of unit volume will be more than 20 percent below April of last year, perhaps even below the disastrous level of last March.

THIS extraordinary reversal in retail sales may be only temporary and may not be characteristic of every section of the country. Yet it carries an ominous warning. Consumer purchasing power, as we have frequently pointed out, is the weakest link in the recovery chain. This has been largely concealed by the enormous price boosting of the past year, which has resulted in high sales volume in dollars. In unit values, however, the movement of

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goods into consumers' hands has been far from satisfactory, and has lagged behind production indexes. Inventories have been piling up. The uncertainty is further revealed in the plans of the silk, hosiery and other industries to curtail production. The silk industry proposes to close down all silk mills next week because of large, unsold stocks on hand. In this scheme we have the final flowering of New Deal economics. The silk manufacturers, in order to maintain stability of prices—high prices—will stop production and throw nearly 100,000 men out of employment. These workers will receive no pay for one week because, paradoxically, consumer purchasing power is already too low. Sound business management may indeed dictate a policy of output restriction, but reducing already inadequate purchasing power hardly looks like a contribution to recovery.

FOR the first time in sixty years, a bill has been favorably reported in the United States Senate to relax the federal law against birth control. The new measure would permit the dissemination of birth-control information, and the sale of birth-control devices, under the advice of physicians, medical colleges, hospitals or clinics. There are two schools among birth-control advocates: the more moderate wing supports such a measure as this, and the other believes that birth-control information and contraceptives should be available to anyone (or certainly, any adult) who wants them. For a large part of the population, this is already true, as the article by Elizabeth H. Garrett in The New Republic of January 17 clearly showed; the law is disobeyed about as generally as was prohibition. The objections are that those who most need the information —the poor—have the greatest difficulty in getting it, and that many people receive unsound advice, and use harmful and ineffective products. Certainly, the proposal now before the Senate would mean a tremendous advance over the present situation. We urge our readers to write their Senators asking action on this bill (S. 1842) at this session of Congress.

MR. Westbrook Pegler, the lively columnist of the Scripps-Howard newspapers, came forward on William Randolph Hearst's seventy-first birthday, this week, with the assertion that this publisher is the best friend the American newspaper reporter ever had. His reason is the slightly mercenary one that Mr. Hearst has done more to raise wages among journalistic writers in this country than anybody else. Using language that we are sure Mr. Pegler will understand, we should like to go on record as saying that in our opinion he is all wet. It is true that Mr. Hearst pays high wages to the upper ranks of his employees; but the movement for better pay in journalism would have come about even if Mr. Hearst had never existed. His rank-and-file workers are not now conspicuously well paid; and certainly he has been unenthusiastic, to say the least, about the present movement for unionization which contains the only real hope for a general increase in wage scales. In every other aspect, Hearst's influence on journalism has been dubious or bad. No other publisher demands so ferociously as he that every writer in his employ shall conform to the rigid Hearst policies. There can be few other publishers, and certainly none of equal importance, whose men live in such terror of failing to produce just exactly what the boss wants. Hearst, moreover, must bear a heavy share of the responsibility for the sensationalism of American journalism during the past forty years, even though it is true that he is now outstripped by younger and more agile devotees. In so far as he has any influence on national and international policies, it is on the whole a bad one: his support of the sales tax and the McLeod Bill, his long continued hostility to Japan and France, are examples that come readily to mind. Fortunately, as dozens of commentators have pointed out, Hearst's political influence is surprisingly small in view of the huge circulation of his papers.

SPEAKING of Mr. Hearst reminds us that he is concerned in an interesting example of press censorship which is now taking place in San Francisco. In The New Republic of April 25, we told how Mr. Hearst had dismissed Mr. Louis Burgess, editorial writer of The San Francisco Examiner, after many years' satisfactory service. Mr. Burgess had been elected chairman of The Examiner's chapter of the Newspaper Guild, a few days before his dismissal, and the Hearst representative who applied the axe virtually admitted that the reason for doing so was Mr. Burgess's activity in the Guild. By all the standards of any daily newspaper, here was an important story for publication, in view of the famous controversy over Section 7a of N.I.R.A.; if the principal figure had followed any other occupation than journalism, it would have made the front pages. On the contrary, down to Tuesday of this week not a single San Francisco newspaper had dared to print one line on the subject, nor had any other Pacific Coast journal done any better—with the honorable exception of a weekly published by Upton Sinclair. We are advised that The San Francisco News, belonging to the liberal Scripps-Howard chain, even struck out a reference to the case in a syndicated column by Heywood Broun. Mr. Hearst is indeed a power in California. He may be, as Mr. Pegler (working for somebody else) insists, the best friend the reporter ever had; but to the rival publishers of his native state he is a power before whom they hasten to bend the knee.

SOMETHING that happened recently seems to us to serve as a good text for a sermon on journalism, or at least for a few remarks on Whither Are We Drifting?—or something. One of the editors of this paper made a speech the other day; and for

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reasons that probably had nothing to do with the merits of his remarks, they were summarized in a dispatch sent out by one of the press associations to its client newspapers. In the quoted matter, the total population of the earth was mentioned; and by a typographical error in the dispatch, this was referred to as about 228,000,000, which as everyone knows is roughly one-ninth of the actual total. Thus far, our indefatigable press-clipping bureau has sent us in some fifty or sixty copies of the dispatch as it appeared in various newspapers. In all of these except two, this obvious and glaring error was allowed to stand, though one journal even reduced the number to 228,000. The honorable exceptions are The Miami Herald and The Times of San Angelo, Texas. We hereby suggest that a brand-new Pulitzer Prize be created to fit the case and we nominate these wide-awake papers for the 1934 award.

WASHINGTON'S most discussed exhibit, outranking even the P.W.A. Art Show at the Corcoran Gallery, is the "Red Map" displayed in the National Defense room of the Daughters of the American Revolution (1776) at their headquarters, Constitution Hall. This exhibit consists of a Department of Interior map of the United States, about four feet by six, heavily spotted with red push tacks, each tack comprising a "center of communism" in the country. There are 1,500 red pins in the map, some of them stuck in rather unexpected places. For instance, Atlanta, Georgia, rates six pins, half as many as the whole state of Connecticut. New Jersey is virtually buried under a large red blot and the mass of pins around New York defies description. Even California looks pretty red and so does the allegedly conservative South. Apparently the Daughters did not see the report of the Communist party convention that the party membership has reached the threatening total of 25,000—out of a nation of nearly 130,000,000 people.

THE National Defense ladies of the D.A.R. can't quite explain to the many inquirers what it's all about. They refer you to Mrs. Gladys Larey Hargis, Pawhuska, Oklahoma, who made the map with the aid of state National Defense Chapters of the D.A.R. Mrs. Hargis didn't attend the recent D.A.R. convention. She sent the map instead. Whether she conducted the Red hunt by personal visit to the 1,500 tender spots or whether she conducted it by mail or by pure speculation, the good ladies of the D.A.R. do not know. During the convention, crowds dislodged several pins, for the map was hung without a solid background. Young pages rescued the pins and stuck them in unsuspecting portions of the United States that needed livening up. One long pin rests in an Indian reservation on the Arizona-Utah border all by itself—the nearest pins hundreds of miles away. After all, who's more Red than a Red Indian?

Profits and Depression

In the April bulletin of the National City Bank it is pointed out that in no year after 1919 did the average net profit of all manufacturing corporations in the United States equal as much as six percent of the selling price of the product. The bulletin says, "Including the deficit years of 1921, 1931 and 1932, the average profit on sales for the fourteen years was only 3.76 percent. Such figures afford no support for the common charge that the depression was caused by the exorbitant profits of industry during the prosperity and failure to distribute purchasing power freely enough to enable the volume of products to be bought and consumed." I would be very much interested to know whether and to what extent you challenge this conclusion.

THE ABOVE letter from a reader raises an issue that is central to our whole economy. The inference from the National City Bank bulletin is that if prices had been lowered enough so that manufacturers had made no profit at all, the difference would not have been greater than six percent in our most prosperous year, and so people would not have been able to buy many more goods. The existence of private profit is therefore not to be blamed for the depression.

Before proceeding to more fundamental considerations, we must first raise a doubt concerning the meaning of the figures themselves. They are supposed to indicate "net profit." But this is a far cry from the difference between the cost of goods sold and total sales. Many kinds of deductions are made from gross profit before a figure for "net profit" is reached. One of them is officers' salaries and bonuses. How large these may be in the case of great concerns we have recently learned from the Federal Trade Commission's disclosures. Such rewards are often more in the nature of profits to those who control business than they are necessary costs. In the case of the smaller concerns, the owner frequently takes his profit largely in the form of personal compensation. In 1931, for instance, whereas the firms with assets under $500,000 each showed a large net deficit, they would have had a substantial profit if compensation to officers had been eliminated. Other uncertain factors among the deductions are owing to accounting methods. Some corporations made additions to plant out of current earnings. Some doubtless resorted to excessive depreciation, or built up hidden reserves in other ways. One kind of deduction is, of course, for interest paid—and interest is not always a necessary cost, even under capitalism. Did all bond issues—of holding companies, for instance—represent legitimate and prudent investment? Were not many of them products of a speculative capital market? Income taxes, too, are deducted before "net profit" is figured; that is not accurate accounting for this purpose, since if there were no profit there would be no income taxes. The percentage of gross profit to sales was 23 percent in 1929;

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somewhere between that figure and the 5.35 percent of "net profit" lies the amount by which, even under this argument, prices could have been reduced.

The next comment concerns the deceptiveness of such an average. Some industries made more profit than others, and could have reduced prices considerably more than the average. Even more important, within each industry there was presumably a wide range of profits. Customarily there are a few highly efficient companies with low costs, and a few inefficient ones with high costs, which continue, for a while at least, to operate at a deficit even in prosperity. The bulk of the members of the industry are distributed along between the extremes. Now there is no natural law decreeing that prices could be reduced only by the amount of the average profit made by all the concerns in such an industry. Suppose prices were lowered to the level made possible by the lowest cost in the industry. That would be a much greater reduction than the average profit. And, in most cases, it probably would not result in decreased production as a result of putting the high-cost concerns out of business. Quite the contrary, it would in time not only concentrate existing demand among the more efficient producers but would be likely to increase it because of lower prices.

A third consideration has to do with the irrelevance of the argument itself. A course of events like the following, for instance, is quite conceivable. Prices are lowered; while this cuts the profit margin between unit cost and selling price of a single article, it brings a larger volume of business, which means more return to the capital invested. Plant is utilized to fuller capacity and unit overhead costs fall. Debt is retired and fixed costs are thus reduced. More modern processes are installed and result in lower operating costs. Thus, it is theoretically possible to maintain the same or even a larger spread between the total cost of goods sold and the money taken in for sales, though prices are reduced and the country is enriched by a growing consumption of the product. This process may repeat itself endlessly. The percentage of net profit to sales at any one time tells us nothing about the possible limits of this kind of progressive price reduction. But there are limits in practice under a capitalist order, imposed by the tendency of business management to seek wider profit margins by high prices and restricted output.

The National City Bank, like many traditional economists, lays stress on the disparities between various kinds of prices as a factor of depression. Prices of crops, for instance, have dropped during the depression far below prices of manufactured goods, and especially of capital goods like steel. Similar disparities develop under prosperity and help to cause a slackening of trade. But surely the quest for profit plays an important part in bringing about price disparities, under conditions of unbalanced competition. Farmers must perforce compete; when the output of crops increases faster than the demand for them, prices are driven down, because most of the growers cannot limit output—unless the government steps in and helps them to do so. But industries controlled by large corporations, seeking to protect their profit margins and having some ability to regulate output, often take the opposite course of bolstering prices and shutting down production. This policy widens the circle of declining purchasing power and in the end reacts on profits themselves. The percentage of profit to sales at any one time tells us nothing about the price-and-production policy being followed by the industry in question, nothing about price disparities that it may be causing. The price of locomotives, for instance, may be kept so high that none can be sold; since none are sold, the locomotive manufacturer has no profit at all, but a big deficit. This offers no proof that his prices could not be reduced, or that the country would not be richer in locomotives if they were. And it is obvious that if locomotives were made, not for the private profit of the manufacturer but as an essential part of an industrial plan for full use of our productive equipment in order to increase the standard of living, no such absurd stoppage would be allowed to continue.

Finally, there is the question concerning the distribution of income between the recipients of profits and the recipients of wages and small salaries, the recipients of payments for cotton, wheat and other agricultural materials. Does this have no relation whatever to the problem of industrial crisis? First let us note that the percentage of profit to sales tells us next to nothing about the inequality in the distribution of income. A given profit margin may mean either a large or a small return on the capital invested, according to the volume of business done. And if the volume of business remains the same, a slight change in the margin may mean a large change in the profit on investment. If ownership is concentrated—as it largely is—apparently small margins of profit may bring great incomes to relatively few people. This is actually the case in the United States. There are enormous disparities in the distribution of income, as many studies have shown; and those receiving their incomes mainly from profits or from speculative gains experience wide changes of income as a result of relatively slight changes in production or in profit margins.

Now, when the incomes of the profit receivers are growing rapidly, as they may and do even though profit margins do not appear to increase much, corporations build up surpluses, which are in great part reinvested in new plant and equipment; the recipients of dividends have new money to invest and they do invest it in industry, since the returns look attractive. It is from property owners that new investment of this kind is mainly derived. The savings of the lower-income classes go more generally into public bond issues, first mortgages and the like. A profit boom enriches the speculative capital market in another way by attracting bank credit into new investment. People borrow on their existing property to buy new securities, and borrow more as values rise. All this means that the

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market for capital goods is unusually active; the heavy industries are busy and supply full employment. Productive equipment increases rapidly.

Meanwhile the total incomes of farmers and wage earners are not likely to increase so rapidly as the incomes of profit-makers, and consequently lag behind the growth of the capacity to produce what farmers and wage earners are supposed to buy. Statistics, in so far as they are complete, appear to show that this is precisely what happened in the last boom. What is the result? Demand for new capital goods eventually falls off, because existing equipment is not fully utilized. New investment is discouraged. Construction and the heavy industries slow down and throw people out of jobs. This in turn reacts upon other industries.

Note that the course of events is not that the buying of consumers' goods actually decreases at the beginning of a depression, and that this in turn affects the rest of the country. What happens is, rather, that the purchase of consumers' goods *fails to grow rapidly enough* to keep the enlarged capital equipment busy. This in turn discourages new purchases of equipment and of buildings. The capital-goods industries show the effects of depression first of all; from them it spreads.

It is an entirely tenable theory that if prices of industrial products were reduced more rapidly as the cost of making them falls, profit inflation would not occur, the growth of capital equipment would be dampened down, and the mass of consumers, benefiting from the price reductions, would be enabled to buy more goods. Or the same kind of balance could theoretically be achieved by raising wages and farm incomes while holding prices of manufactured goods steady. In either case the purchasing power of the masses would be increased enough to keep themselves in jobs. The National City Bank's figures are far from proving that the depression was not due to a "failure to distribute purchasing power freely enough to enable the volume of products to be bought and consumed."

Will Roosevelt Back Up Labor?

AS THE N.R.A. nears the close of its first year, the position of organized labor is more uncertain and stands in greater jeopardy than at any time since the Recovery Act became law. It has now reached the point where, according to Washington reports, labor may be forced to accept compulsory arbitration within the N.R.A. code machinery. Compulsory arbitration means the abrogation of the right to strike for any purpose, even for the purpose of obtaining recognition of a genuine union. This arbitration would be in the hands of the industrial-relations committees now being set up in each industry under a code. The only thing that is clear about these committees is that they will be similar to the National Automobile Labor Board—with one representative each of industry and labor and an impartial chairman to make decisions. Their methods of procedure are left exceedingly obscure, their guiding principles not even defined. It is difficult to believe, of course, that President Roosevelt will give his approval to so haphazard a scheme. Yet the mere fact that the proposal is considered as a possibility suggests the serious muddle into which the administration's labor program has got itself.

It is, by the same token, a challenge both to the President and to organized labor. How could it come to pass that a policy admittedly favorable to labor and the rights of collective bargaining could result in leaving those rights without effective safeguards? The trouble is, of course, that the administration has had no firm labor policy. During the last nine months it has vacillated constantly and has abandoned one principle after another. When the Recovery Act was passed, it was supposed to confer certain rights on labor: workers were to be able to choose their own representatives for collective bargaining free from intimidation; these representatives were to be duly recognized by industry; company unions were to be outlawed. Yet the administration retreated from each of these points.

The administration was handicapped, to be sure, by the fact that an aggressive labor movement was lacking. The American Federation of Labor has been playing a purely opportunist game. Its leaders have repeatedly shown that they were incapable of utilizing the opportunities presented by the Recovery Act. Only now, with compulsory arbitration threatening them, have they come to life and notified General Johnson that they will refuse to appoint labor spokesmen to the industrial-relations boards until it is made clear that the boards will have no power to arbitrate cases unless labor agrees. But there is no assurance that the A.F. of L. will maintain this position. Having compromised time and again, having, for example, accepted the ambiguous automobile settlement, it may find it politic to yield once more.

It is probable that the greatest contributing factor to the present labor crisis stems from the administration's attitude toward strikes. Early in his term of office, President Roosevelt declared that "there should be no discord and dispute—the workers of this country have rights under this law—no aggression is now necessary to obtain those rights." This statement is, of course, discredited today. It is now quite clear not only that strikes are frequently necessary if labor is to gain its rights, but that the government cannot be expected to bargain for labor. All it can do is set up the necessary machinery to ensure that the conditions of bargaining will be fair. This is what the Recovery Act made possible but what the administration—because of its vacillation and its apparent belief that all strikes are necessarily undesirable—failed to do.

Clearly, the President should speedily affirm his labor policy. The indecision of the past nine months has already given reactionary industrialists

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too much support. Having won the preliminary skirmishes with the President and the National Labor Board, they are now prepared to attack openly the labor aspect of the recovery program. Sixteen eminent industrialists have already sent an ultimatum to General Johnson stating that they are opposed to further wage increases and further reductions in hours of work, and that they consider the National Labor Board a nuisance. They, too, want labor disputes to be brought under the jurisdiction of the N.R.A. code machinery. Undoubtedly this will be only the beginning of a concerted assault on organized labor unless the administration immediately asserts itself and backs up the rights of collective bargaining, promised labor a year ago.

Strangling Our Russian Trade

THE United States is at present losing a good deal of valuable trade with Russia through a development which, on the face of the facts, was purely accidental. The Johnson Law, recently passed, provides that no private credits shall be advanced by any American citizen to a foreign government, or subdivision thereof, which is in default on its obligations to the United States government. This law, of course, was intended to apply to European nations in default on their war debts. Russian trade with this country was to have been financed through the Export-Import Bank, an agency of the American government, and such transactions were specifically exempted from the provisions of the new statute. But apparently someone brought pressure to bear, behind the scenes, and the officials of the Export-Import Bank announced that they, too, would obey the spirit of the new law. So all negotiations have halted, pending a settlement of the "Russian debt."

Broadly speaking, there is no such debt, in the sense in which it exists in relation to other European countries. America has never loaned a nickel to the Soviet government; if it had, the chances are that it would have been repaid, since the Moscow government has scrupulously met all its foreign obligations. We loaned some $187,000,000 to the Kerensky government, part of which was still in the National City Bank to the credit of the Kerensky ambassador, Bakhmetev, long after the Soviet government had come to power. Some of this money was apparently actually used to outfit White troops that invaded Russia and sought to overthrow her government—and it seems peculiar, to say the least, that the U.S.S.R. should now be asked to repay these expenditures. There is also a small sum in repudiated obligations of the Tsar's government, and there are certain claims for property of private American business firms confiscated after the revolution of October, 1917. To set against these items, the U.S.S.R. has claims against us because of the Archangel and Siberian expeditions, which might amount to almost any sum.

It is reasonable to suppose that a debt settlement could be arranged with the Soviet government in the course of a few months; and it is also reasonable to suppose that the claims and counter-claims would more or less cancel out. But it is important for the future of Russian-American trade that the Soviet government be certain now that it can get credit. Russia is at present laying out the plans for imports during the Second Five Year Plan. While she is prepared to buy from the United States, it is obvious that there are other countries which also have goods for sale, some of which are in a position to make credit advances suitable to Russian needs. The chances are that rather than wait upon the dubious political future of relations with the United States, the hard-headed business men of Moscow will give their orders, for a long time to come, to other markets.

Under the circumstances, it would seem as though the United States, which had hoped that manufacturing goods for Russia would help her process of recovery, should follow one of two courses. Either we should make all possible speed in the matter of settling the "Russian debt," or we should drop the recent ruling, and permit the Export-Import Bank to go ahead as originally planned. Current developments in Washington suggest that President Roosevelt is alive to this situation and planning to act in one way or another. The second course, as we have already said, is perfectly possible under the Johnson Law; and economically and financially Russia is a better credit risk than most of our European debtors. Not only does she want our goods, in important amounts, but she has plenty of things to sell to us—which is the best and indeed the only possible guarantee that service on the debt would be maintained. The Johnson Law had its origin in the desire of certain isolationists in the Senate to make a face at defaulting nations in Western Europe, which, however, can easily evade its provisions by doing business through intermediaries in Paris or London. Why should its sole effective purpose be to hurt the newly restored friendly relation between the U.S.S.R. and the U.S.A., and cut us off from a good, solvent customer?

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The Armaments Scandal

I: *Lobbying for the Home Market*

ONE USEFUL result of the ten years' disarmament fiasco at Geneva has been to focus attention upon the munitions makers. Informed opinion everywhere now recognizes that they are a definite, continuing threat to peace. We have had a chance lately to learn something about the armament rings of Europe. It is time we looked into the activities of our own American corn-fed Zaharoffs, Schneiders and de Wendels.

A few days ago, an investigation of American munitions makers was voted by the Senate. The sponsors of the investigation, Senators Gerald P. Nye and Arthur H. Vandenberg, are very much in earnest. It is to be hoped that their investigation, which is expected to continue until next autumn, will end with the decisive overthrow of the armament lobby's power at Washington.

Evidence of its work is not hard to find. The thumbprints of our munitions makers are smudged all over the budgets of the United States army and navy. The evidence is plain, at least to this correspondent, that they are the principal cause of our steadily mounting armaments. An examination of the facts, moreover, shows that the federal government's own shipyards and arsenals are equipped—or could easily be equipped—to meet all peacetime armament requirements. There would seem to be no respectable reason why we should not end the manufacture of munitions for private profit in this country forthwith.

The most influential group of munitions makers are the warship builders. You will recall these as the gentlemen who engaged Mr. William B. Shearer, America's Big Bass Drum, to break up the 1927 Geneva cruiser conference. You will also recall that, following the failure of the Geneva conference, our armament makers and superpatriots persuaded Congress to embark on a huge building program, fixed by the later London naval conference at twenty-one 10,000-ton cruisers. Appropriations for new naval building, in consequence, have been: 1929, $58,200,000; 1930, $60,400,000; 1931, $49,640,000; 1932, $29,777,232; 1933, $37,400,000.

These sums, however, are pocket change beside the lordly $238,000,000 obtained about a year ago by the navy from Public Works Administration funds. The story of this $238,000,000 ought to interest those who doubt the power of the armament makers. The money was appropriated as a result of the clamorous demands made by Secretary of the Navy Swanson. During his many years in the Senate, Mr. Swanson was well known as a big-navy enthusiast, and was chairman of the Senate Naval Appropriations Committee at the time of his translation to the Cabinet. By one of those coincidences frequent in politics, the Newport News Shipbuilding and Drydock Corporation is situated in Mr. Swanson's home state, Virginia. It is one of Virginia's most important industrial undertakings and, in addition to warships, builds and repairs railway freight cars, locomotives and many other things. What company do you suppose it was that received the largest allotment from the $238,000,000 fund? It turned out to be the Newport News Shipbuilding and Drydock Corporation, which was awarded contracts for two airplane carriers.

You find that since the initiation of the cruiser program, all important contracts—other than those executed by the government's own shipyards—have gone to precisely three concerns. The Newport News Shipbuilding and Drydock Corporation has received contracts for the cruisers "Houston" and "Augusta," and for the airplane carriers "Ranger," "Yorktown" (P.W.A. funds) and "Enterprise" (P.W.A. funds). The New York Shipbuilding Corporation and its subsidiaries have received contracts for the cruisers "Salt Lake City," "Chester," "Indianapolis," "Tuscaloosa," "Savannah" (P.W.A. funds), "Nashville" (P.W.A. funds) and four destroyers. The Bethlehem Shipbuilding Corporation has received contracts for the cruisers "Northampton," "Portland," "Quincy," "Vincennes" (P.W.A. funds) and five destroyers. The only other concern to obtain a contract of importance is the Electric Boat Company of Groton, Connecticut, which seems to have a virtual monopoly on submarines.

According to estimates of a navy spokesman, the approximate value of the contracts obtained by each concern is: Newport News Shipbuilding and Drydock Corporation, $72,000,000; New York Shipbuilding Corporation, $87,000,000; Bethlehem Shipbuilding Corporation, $65,000,000; Electric Boat Company, $12,000,000.

These figures help us take the measure of the warship manufacturers. We are here in the presence of sufficient concentration of money power to exert great pressure on Congress. By accepted canons of American business, corporations are entitled to have their "viewpoints" properly set before the government and the public. The combined value of the contracts received by the three principal warship-building concerns, during the last five years, has averaged better than $20,000,000 annually. That would be a big enough gross to make it worth while hiring a number of William B.

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Shearers. You could afford to retain very influential lawyer-politicians at Washington. You would be able to conduct widespread, elaborate newspaper propaganda campaigns exposing the plots against our naval security of the wily Jap and perfidious Briton.

This is, in fact, what the warship makers have done. From the agents they have maintained in Washington has emanated a good part of the agitation in Congress for new naval building. Since the advent of the Roosevelt administration, this correspondent does not believe they have spent any really fabulous sums. Because of the service rendered to them by Secretary Swanson in obtaining the $238,000,000 P.W.A. windfall, they have not needed to. However, they have been guilty of vicious lobbying in the past, and this correspondent submits that a thoroughly evil situation exists when armament makers can afford, as a matter of prudent business, to spend large sums influencing Congress, and have every incentive to do so.

It just so happens that we have an easy way to end permanently the warship makers' lobby. The fact is—and this is something seldom mentioned by big-navy patriots—that the government maintains eight shipyards of its own. These are at Portsmouth, Boston, Brooklyn, Philadelphia, Norfolk, Charleston, Mare Island and Puget Sound. From the twenty-one 10,000-ton cruiser program, nine cruisers were allotted to government shipyards: the "Louisville," "Chicago," "New Orleans," "Astoria," "San Francisco," "Minneapolis," "Brooklyn," "Philadelphia" and "Pensacola," together with three submarines and twenty-one destroyers. These government yards are adequate to care for the navy's normal building requirements; they are more than adequate if we decide, for the future, to pursue a pacific foreign policy. There should be no need ever again in peacetime to give a warship contract to a private manufacturer.

The favorite argument of militarists (and armament lobbyists) is that private shipyards form an important part of national defense, and that government contracts are necessary to enable them to continue in existence. If the United States were suddenly involved in war with Japan or Great Britain —so this argument runs—naval-limitation treaties would go by the board, and our adversary would build additional warships at top speed. If we did not possess established shipyards to fall back on, our chances of victory in the war would be jeopardized.

To this it may be answered, first, that we don't absolutely have to go to war with Japan or England and, second, that neither the Newport News Shipbuilding Corporation, the New York Shipbuilding Corporation nor the Bethlehem concern is exactly a struggling infant industry. Despite the present dearth of merchant shipbuilding, it is hard to believe that, deprived of government contracts, they would immediately go out of business.

The world naval-armaments situation at the present time is not very hopeful. We are engaged in a hardly disguised naval-armaments race with Japan, in which England shows every sign of joining when her budgetary position will permit. Among the reasons for this race unquestionably are the recent extraordinary naval appropriations of the United States, which have helped put through the increased Japanese naval appropriations. Some time next year, a conference is to be held to decide whether the Washington and London naval treaties are to be continued. If an open naval race between Japan and ourselves cannot somehow be averted at this conference, our armament makers and superpatriots will call upon us for prodigious money outlays. Merely to build up to the strength permitted by present treaties, as provided for in the Vinson Bill already approved by Congress, would take an estimated half-billion dollars. To replace our aging battleship fleet would cost another half-billion and more.

Infinitely graver, of course, is the fact that armament races in the past have invariably ended in war. The 1935 naval conference is going to be an extremely ticklish affair at best. If, before the conference opens, this country does not take steps to end the private manufacture of warships, and thereby remove all incentive for the munitions makers to work against an agreement between Japan and ourselves, the chances of a successful outcome will be much lessened. Our negotiators at the conference will carry an unnecessary handicap.

The second most powerful group of munitions makers in America are the manufacturers of military airplanes. By act of Congress, the Army Air Corps is authorized to have a fleet of 1,800 airplanes on active service, with some 200 planes in reserve. Since the life of an airplane is roughly five years, this Air Corps fleet requires 400 replacements annually. The average cost of army airplanes, according to an army spokesman, is around $15,000 a plane. Military airplane manufacturers are thus assured a steady business, from replacements alone, of at least $6,000,000 yearly. In actual fact, the army has managed to spend more than twice this sum in recent years.

Three strong airplane companies have received the cream of the Air Corps appropriations. Taking the three-year period 1931-33, you find that United Aircraft and Transport Corporation, through its subsidiaries Pratt and Whitney and Boeing Airplane Company, received $10,252,232; Curtiss-Wright Corporation, through Wright Aeronautical Corporation and Curtiss Airplane and Motor Corporation, received $7,668,190; Douglas Aircraft Company (which specializes in army contracts) received $4,750,343. Besides these three major concerns, the army gave contracts during this period to about a dozen smaller establishments.

Evidence produced before the House Committee on Military Affairs last winter clearly indicated that the War Department's aviation policies were under

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the unabashed dictation of the airplane makers. While a District of Columbia grand jury, to which this evidence was submitted, declined to return indictments, Assistant Secretary of War Woodring, in charge of aviation, has admitted the present evils and promised reform. However, American business ethics being what they are, it seems naïve to suppose that airplane makers, as a group, will not continue their pressure upon Congress to maintain our air fleet at the highest possible level. Today our air force ranks fourth in size in the world, being exceeded only by the fleets of Soviet Russia, France and Japan. Since the United States is protected on both coasts by oceans too wide for any known hostile airplane to cross under war conditions, 1,800 planes seems a fantastic number for this country to possess.

The blatant hypocrisy surrounding armament expenditures is best illustrated by comparing the money the army spends for airplanes with what it has spent for anti-aircraft guns and for tanks. Invariably we are told that the single purpose of our air force is to protect our great cities from destruction. If this were true, you might imagine that, while spending millions on planes, the army would also have spent something on anti-aircraft defenses. The fact is that the army possesses just one experimental battery of anti-aircraft guns. At least to this correspondent, the explanation of this discrepancy is extremely plain. The army manufactures a good part of its ordnance in its own arsenals, and no profits are involved. On the other hand, airplanes are bought from private manufacturers, and profits are enormous. The case of tanks is not dissimilar. Since the World War, every major European army has spent a large share of its budget acquiring great numbers of tanks. The British, during the last five years, have spent about $20,000,000 for them. Our own War Department, however, while spending magnificently for airplanes, has purchased exactly seven experimental tanks at a cost of $241,000. On examination, you find that in England the same armament concerns that make airplanes likewise manufacture tanks, and have been impartial in pressing both on the British government.

In America the possibilities of nice profit in tanks have been neglected by private business. It seems now, however, that this oversight is to be remedied. Within the last few months, the America-La France and Foamite Company, a manufacturer of fire engines, has obtained orders for five tanks from the army. The America-La France and Foamite Company has had long experience in vending its wares to public officials. Unless we can achieve the abolition of private manufacture of munitions in this country, it can be anticipated that the army's tanks will hereafter rapidly increase in size, number and cost.

The story of the navy's expenditures for airplanes is very like that of the army. Two of the three chief manufacturers are our old friends, United Aircraft and Transport Corporation and Curtiss-Wright Corporation. For 1931-33, United Aircraft and Transport, through the Boeing and Vought companies, received $5,139,000; Curtiss-Wright received $1,020,400. In the navy's case, however, the place of Douglas Aircraft Company as third member of the ring is occupied by Consolidated Aircraft Corporation, which received $1,491,000. In addition, five other concerns received lesser contracts. The navy's total expenditure for new airplane construction in these three years was: 1931, $12,326,100; 1932, $10,475,000; 1933, $8,650,000.

The army possesses one airplane factory, near Philadelphia. It has not, however, facilities for making engines. The navy, although authorized to manufacture planes under the Vinson Bill, has no facilities whatever. The making of military airplanes by the government, consequently, would not be so simple as the building of warships, for which the government is already equipped with shipyards. Nevertheless, it ought not to prove particularly costly or difficult. Certain private airplane companies have literally built a good part of their present plant from government funds advanced to them for experimental work. On several occasions, the army has paid as high as $100,000 for a single experimental plane. Were the government to undertake its own experimental work, it would doubtless find itself within a brief period also equipped with excellent plant facilities. What would be important, however, would be that once the government began making its own planes and the pressure of private manufacturers was removed from Congress, the present burning necessity for the army's 1,800 machines would be likely to evaporate, and we should find ourselves equally secure with a far more modest fleet.

Unlike shipbuilding, airplane manufacturing is an extremely healthy, growing industry. There is no danger, as there is alleged to be in the case of shipbuilding, that it would expire if deprived of government contracts. It is quite true that the abrupt ending of government orders would deal a severe blow to a number of manufacturers, but none of them can claim that the government ever guaranteed them a permanent dumping ground for their output.

The warship and military-airplane makers, at the present time, constitute the two chief groups that exercise power over our armament policy. The government makes small arms in its own arsenals; it has bought of late little heavy ordnance from the steel makers and has spent very little for chemical-warfare equipment. However, the army, through P.W.A. funds, has now begun to buy armored cars, trucks and motorcycles for the motorization of the cavalry and, as we have seen, is beginning to buy tanks. The influence of these manufacturers will be almost certain to grow. The influence of lob-

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byists in framing the original specifications for the army's trucks and armored cars, it should be noted, was so outrageous that Controller-General McCarl refused to approve the contract award. There can be no safety for the government and for all of us from militaristic pressure until the government determines finally to have no dealings with the armament makers. Even that step, however, if it could be achieved, would not touch the scandal of the armament makers' activities abroad, particularly in the Far East and Latin America, a subject that will be dealt with in a succeeding article.

JONATHAN MITCHELL.

This is the first of two articles discussing the armament industries. In a forthcoming issue Mr. Mitchell will discuss the means by which the munitions makers drum up trade abroad, regardless of the interest of world peace or American policy.—THE EDITORS.

The Threats to Hitler's Rule

IN THE past five years negotiations between France and Germany have failed to establish a sound and vitally necessary peace, largely because of the French thesis that the Brüning government did not represent a majority of the German people. This difficulty, at least, has now been overcome. Hitler has the active or passive support of a safe majority. His popularity is buttressed by the disillusionment of the workers with the weak and cowardly Social Democratic government, by the belief of the intellectuals that sharp changes were inevitable, by the hopefulness of millions who have suffered under the depression, and lately by the marvels of "public enlightenment," terror and espionage. He is popular with the youth, for many of whom he has broken the vicious circle of unemployment by elevating them to state positions. (In fact it was principally to open these posts that the rulings against Jews were broadened to include people of Jewish ancestry or those who were related to Jews by marriage.)

But there is one more item on the credit side of Hitler's ledger—his ability to go much further in negotiating for peace than any past German government. If Stresemann or Brüning had announced such agreements as the non-aggression pact with Poland or the Four Power pact, they would have been assassinated at once by the nationalists. The statement Hitler made after the withdrawal from the League, if they had made it, would have had the same effect. Unlike them, Hitler is in a position to make any concession he considers useful to prevent premature foreign interference. The fact that the same chauvinist who accused Stresemann and Brüning of treason to Germany now offers many more concessions than both of them made, carries no weight in a country where the memory of Rathenau is officially extinguished and that of his assassins celebrated by a memorial. But admitting all the stabilizing factors of the Nazi balance sheet, there remains the grave problem of unemployment—so grave that it is tacitly behind all Nazi tactics. Foreign policy is sometimes subordinated to it, for Hitler fears bankruptcy above all else.

But what can be done? For a country like Germany, with few natural resources and a dense population, the possible remedies are sharply limited to four: emigration of the surplus population, lowered birth rate, increased exports and decline in the standard of living. Of these, emigration is practically blocked by national restrictions. The expulsion of the Jews and some of the intellectuals does not solve the problem; the number of German refugees is estimated at no more than 200,000. As far as the birth rate is concerned, the government is trying to increase rather than curtail it, by means of continual propaganda and subsidies for marriage. Judging from the Italian experiment, this attempt to raise the birth rate artificially seems doomed to failure, but even should it succeed it would create new difficulties by lowering the standard of living.

There remains the possibility of encouraging industrial exports, a solution all Nazi leaders now insist on quite publicly. It is true that foreign good will, which had been carefully nursed by the post-war governments, has disappeared under Hitler. It is also true that Germany's competitors have been given a great advantage by Hitler's crude violations of the basic laws of civilized nations; but there are still good reasons why German exports have a chance of expanding.

Most German manufactured products belong to branches of retailing where the consumer does not buy according to brands or origin. The boycott may prohibit purchases where the consumer's will is sovereign. Thus, if a former German customer buys an expensive printing press, for instance, his antagonism will be effective. But the mass of buyers, who want the thousands of little articles of hardware, textiles, leather goods and chemicals, will not ask where the objects were produced.

The system of script and blocked marks gives the German exporter a sharp weapon. The exporter sells his goods abroad in dollars, but instead of getting these dollars deposited to his credit abroad, they go to the credit of the German government and the latter gives the exporter a domestic-script-mark credit, that is, a share of foreign debts frozen in Germany. Naturally the foreign creditor

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is willing to dispose of these at less than the gold exchange rate, so that the German exporter may get anywhere from 3 to 4.5 marks per dollar instead of the 2.7 par. This is a subsidy to exporters, but the script system suffers from beaureaucracy and complexity of administration. However, the advantage of going off the gold standard is still available to Germany and it seems probable that having settled the debts while the mark remained high, she may well go off gold this summer. This would stimulate exports immediately, but raise the domestic price level only very slowly.

There are other weapons: the Hitler government enjoys all the advantageous economic effects of Chancellor Brüning's very unpopular recovery program, which now has resulted in extremely low costs of production. Another stimulus for increased exports is the flight of capital, for capital can only escape through the channels of export clearing. If Hitler had not destroyed the valuable Soviet market (which supported some very important key industries) because of his strange belief that he must crusade against bolshevism, and if food imports had been continued, German exports might have been kept level.

There are other methods of reducing unemployment, even granting that Germany cannot increase her export trade. If the news regarding the intensified manufacture of arms, aircraft and uniforms is only partially true, the armament and textile industries can absorb a portion of the unemployed.

Thus far the important items deal with the exigencies of internal policy. The economist sees still other problems arising. Agricultural autarky agrees badly with a policy of booming industrial exports. Germany needs raw materials. Germany's former agricultural imports enabled her neighbors to buy from her three or four times that value in manufactured goods. Even if there is no increase in industrial output, she must continuously purchase raw materials merely to maintain the present volume of production. The stock of foreign exchange and gold held by the Reichsbank has been reduced. Germany cannot afford to pay cash for all the raw material she needs. In so far as the raw material is transformed into finished products for export, it involves maintaining liquid reserves for a period of only a few months, but Germany nevertheless needs intermediate-term credit for raw materials. Although foreign creditors took heavy losses on loans to Germany, it is obvious that they will again grant her credits for the purchase of raw materials. The United States is said even now to be preparing federal guarantees to finance such sales. But even so, the lag between raw and finished products during the revival period will be a disadvantage, for raw materials will rise first.

Trying to forecast cautiously, one must grant that the economic situation in Germany does not show a real threat to the government in the near future. Dangers are brewing in special fields: there is the difficulty of controlling the armed Storm Troopers, whose aggressiveness may involve Hitler in conflict with neighboring countries; there is the exhaustion of the patriotic fervor now stimulated by skillful propaganda; the concentration of radical opposition to the dictatorship in the ranks of Storm Troopers themselves. Göbbels has put his program of "public enlightenment" into effect so cleverly, and on so vast a scale, that Hitler now has the backing of a great part of the nation, but Göbbels is wasting his ammunition so carelessly that the government will face a serious situation within a year, when few will be excited by mass meetings, torchlight parades and similar superpatriotic festivals. Most of the Communists and former members of the Red Front are members of the Storm Troops, by now a very proletarian mass that beneath the surface boils with potential revolutionary movements. Acting as the backbone of conservative power in the event of new revolutions of any kind is the army of 100,000 men, the navy of 15,000 men, and about 180,000 police, not affiliated with any party and under Hitler's control. Over the Storm Troops, serving to hold them in check, are two bodies: Hitler's bodyguard, an aristocratic body of 120,000 men selected on the basis of the racial ideal of the Third Reich, and the 300,000 members of the Steel Helmets, men of the best bourgeois type, sons of the middle class and well-to-do farmers. Nobody can prophesy how the economic rule of feudal capitalism, masked under the strange protection of pseudo-socialist propaganda, will turn out. Until now any dangerous opposition has been prevented from crystallizing by vigorous government suppression. But the prospect would be entirely different if public opinion should turn against the regime. The big Storm Troop body, with its revolutionary mentality, might develop its own brand of action. On the other side of the political fence the growing resentment of the higher bourgeoisie (a very recent development in Germany) might precipitate something like a "counter-nationalist revolution."

In foreign affairs Hitler is aided by the open disagreements between the leading powers. The United States wants to keep out of European affairs; Great Britain retires to her Empire policy; Italy does not want French influence to grow; Russia fears new accidents and surprises in the Far East; the French people are strongly pacifistic and against any kind of warfare. In this combination of forces there is an element of stability. The question of whether Hitler *can* survive can be answered with a plain yes. If he *will* survive depends on accidents and unforeseen complications in foreign affairs, on increasing resentment of the growing social pressure in Germany, on the strength of dictatorial oppression. There can be no turning back. Hitler and the Nazi leaders know very well that they cannot retire if they fail. Their fate would be assassination by their own followers, to whom they have promised heaven on earth.

AUGUSTUS BAUER.

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Has Australia Recovered?

THE Australians are in an optimistic mood once more. Every traveler coming from that distant land has some excited words to say about the rise in wool prices and the exhilarating effect it will have upon Australian life. Naturally the Australians do not claim personal credit for this price increase. They know that it is the result of world factors and not the successful outcome of any particular recovery measure of the Commonwealth government. None the less, the beneficial effects of the higher wool prices would not be so great as they are if it had not been for just such policies put through by the Australian people themselves.

When wool prices began to go down in 1928 the authorities did not take it simply as an "act of God" to be accepted with what fortitude could be summoned. On the contrary they approached the matter in a rational spirit that makes the first American efforts to adjust our economy seem like the gropings of a superstitious old woman. Even the New Deal lacks the simplicity characteristic of the Australian approach, partly because our economy is so much more complex and partly because powerful vested interests prevent an equitable distribution of the unavoidable losses of a depression. In Australia the egalitarian spirit actually finds expression in economic practice and is not just an ideal given lip service. Different as the two countries are, the American people have a good deal to learn from the Australian experiment, especially now that we have taken to debating the question of foreign trade. In Australia that was the first rather than the last problem to be tackled.

Anticipating the Depression.—In 1927 Dr. E. O. G. Shann published a little book entitled "The Boom of 1890 and Now," in which he vigorously advised the Australians to put their house in order. He used the method of parallels to drive home his point, noting the incipient decline in world prices, the borrowing and spending for uneconomic developments and the probable effect of a nationwide drought (which fortunately did not occur). A conviction that the loan policies of the Australian states were getting out of hand led to moves toward a coördinated policy under Commonwealth supervision and with increased Commonwealth liability for the payment of interest and principal in case of state default. This was to serve a dual purpose: it was to cut down ill advised borrowing and to reassure the foreign lenders who might precipitate a bear market in Australian bonds.

Yet the depression really caught the Australians off guard just as it caught all other peoples. The rapidity of its onset made ineffectual such safeguards as were being tentatively developed. Consequently the politicians and the bankers resorted to catch-as-catch-can methods that in large measure only made matters worse. The most serious blunder was to raise the tariff, thus in effect increasing the burden on the exporting industries. Even after other and better planned methods were worked out and the tariff gradually revised downward, the issue itself remains and probably will remain as central in Australian politics as it ever was in American.

Australia in the Crisis.—A technical history of the Australian methods of meeting the depression has just been issued by Macmillan, "Australia in the World Crisis, 1929-1933," by Douglas Copland, a distinguished economist of Australia who took an active part in the development of the new policies. A summary statement of certain major conclusions of his book, with certain comments, follows:

The concept of national income had been impressed upon the Australian public long before the crisis, and consequently when the decline of world prices for wool and wheat had cut the national income, it was easy to persuade the people that a downward adjustment of the standard of living had to be made. While Australian economy is complicated by a large measure of state capitalism and by the custom of making wage awards through industrial courts, Australia is still a capitalist country, removed in degree but not in kind from the United States. Australians, however, are more egalitarian in outlook than Americans, so the problem was to spread the unavoidable loss of income as equitably as possible. A new price base on which the export industries could compete in the world market had to be established.

Australian recovery was engineered by class collaboration. It was accomplished by a complicated series of technical financial measures, including a devaluation of the Australian pound in terms of sterling, an all-round reduction of interest charges on public debt through conversion and on private debt through legislative action (to prevent over-concentration of the national income in the hands of holders of fixed-interest obligations), a lowering of the tariff and a determined effort to balance governmental budgets without cutting too deeply into the social services. The budget savings were increased by eliminating duplicating functions of the Commonwealth and the states and by a ten-percent cut in wages through court action.

The result was to absorb reduction in national income with remarkably little social or economic damage and to develop the domestic money market to an independence and scope formerly unknown.

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The export industries were able to increase their production and in some measure to compensate for the fall in prices by shipping out more goods.

Balance of Economic Forces.—Of course all this was not accomplished without major dislocation of some industries and severe suffering on the part of the masses, who were, however, to some extent protected by insurance. Much that was done was experimental and therefore partly hampered by bitter criticism. Furthermore, it should be pointed out that the policy followed was a nice balance of inflationary and deflationary methods, and that Australia, being one of the first countries to experience the depression, got the jump on other nations in using certain measures that certainly would not have worked later on when the world became a web of conflicting policies of competing governments. The major point is that Australia achieved a large measure of recovery and, barring political upsets that might destroy the continuity of present policies, is in a fair way to achieve a new balance.

The changed position of Australia in a changed world remains to be assessed. Australian prosperity and expansion have been based, in the past, upon the idea of there being an indefinitely increasing world market for her primary products at the same time that she herself developed a "balanced" economy behind a tariff wall, thus raising the importance of her secondary industries more rapidly than would have been possible under free trade. The natural increase of her population and a steady flow of immigration were counted on to build up the country in geometric progression. Heavy capital importations from abroad were essential. A high standard of living was a matter of course.

The depression has destroyed, in all likelihood permanently, many of the old props of Australian optimism. The world wheat market has apparently achieved its limit of expansion and some recession may be expected. The wool market may still expand slightly, but there is no guarantee that Australia can look for other than strictly limited profit from it. In some instances she may suffer reverses as, for instance, if Japan succeeds in developing wool production in Manchukuo and Mongolia. The metal trade may revive somewhat if world conditions improve, but the possibilities for expansion are not encouraging. Minor exports like butter have highly restricted markets. And even if foreign capital became available, Australia will not be so greedy as formerly to borrow it for the development of export industries. Australia is a new country in an old world cursed with an economy that seems to running full speed into an era of nationalism. With the possible exception of wool, all the products she has for sale are already subjects of tender, self-interested solicitude by the majority of national-minded governments.

Recovery or Adjustment?—While Australia has achieved something like new economic balance on a capitalistic basis, she faces a future that is none too bright. Instead of indefinite expansion and dreams of gigantism, she will have to develop new techniques to order her economy. She must take care of her present population and its natural increase and bend her efforts to raise the standard of living from its present reduced base. It is a problem that promises to be difficult enough to engage her best minds for years to come. Until the world is set free, Australia is forced to accept whatever terms a tightly organized, precariously balanced and vastly unsatisfactory world economic system imposes upon her. She is no longer able to cultivate the illusion that she is the mistress of her own glorious destiny. Is this recovery or merely adjustment to a new world? And can the United States, in the light of changed conditions, hope to transcend "adjustment" herself?

C. HARTLEY GRATTAN.

Austria after the Terror

TEN WEEKS after the howitzers ceased echoing, Vienna streets are quiet. The Socialists have been defeated; their leaders have either fled the country or been thrown in jail. On the other hand, Nazi propaganda has become quiescent. For the moment Dollfuss and the Heimwehr seem everywhere victorious. Yet it is a hollow triumph, costing the victors heavily both in foreign sympathy and internal popularity, and has brought the world one step nearer a new European war. Its immediate consequence has been to place Vienna, erstwhile pride of those who believed in the possibility of social progress by peaceful evolution, at the mercy of the blackest reactionaries in Europe.

Not only have the political parties of the left been driven underground; the coöperative enterprises, triumphs of human organization covering almost every aspect of the workers' lives, have been dissolved. By such acts the government hopes to ingratiate itself with the merchants and shopkeepers. As a concession to reactionary medical societies, the social-service system, the most efficient of any city in the world, with its magnificent free clinics and hospitals, has been wrecked. The schools and kindergartens of the municipality, centers of enlightened child study and education, are to be turned over to the nuns and priests. The completeness of reaction spares not even the details of private lives. By the threat of eviction from the municipal dwelling houses, workers are being terrorized into joining the church and enrolling themselves in the Fatherland Front. By similar methods, those who have been married by civil ceremony only must now repair to the priest.

While elsewhere the reactionary essence of fascism has masked itself with planks and slogans borrowed from the left, in Austria no such disguise has been attempted. In Italy and Germany its standard bearers have been masses of misguided but enthus-

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iastic youths convinced that they were fighting for something new and revolutionary. In Austria its chief supporters are bent old men, the remains of the Hapsburg bureaucratic and military caste, the survivors from the old land-owning aristocracy and the Roman hierarchy. With such people for its most conspicuous partisans, Austrian fascism cannot parade as an innovation.

And because it has been openly reactionary, the fascism of Dollfuss and the Heimwehr has never achieved any measure of popular support. Consequently it shares none of the vigor and spontaneity of its Italian and German counterparts. It is, by contrast, a hollow, artificial parody. The attempt to drum up an Austrian nationalism evokes no response. Such nationalist sentiment as does exist in Austria is German nationalism and flows in Nazi channels. No one can take the slogan "Austria over all" seriously when everyone knows that Mussolini is paying the piper.

The Heimwehr is a spurious imitation of the Italian Milizia and the German S.A. Lacking their enthusiasm and *esprit de corps,* it shares only their savagery and sadism. It is composed partly of peasant boys and partly of the dregs of the city slums and underworld. At the height of the revolt the government replenished its wavering ranks from the jails. The run of its followers are tied to the organization only by their pay, three schillings a day. The innumerable parades of this spiritless army evoke no enthusiasm from any section of the population. When they go out alone or in pairs, the Heimwehr men slink along the streets as inconspicuously as possible, seeking to avoid the contemptuous glances of passers-by, somehow conscious of their own historic smallness.

With such forces at its command, the government is incapable of carrying out that principal task of fascism: the systematic campaign of terror against the working class. For such an extensive job requires the forces of a mass movement and the services of fairly dependable and fearless followers. Consequently the workers, though defeated in the first skirmish, are by no means crushed; indeed, after the events of February many who previously clung to legal methods have become convinced of the necessity for armed insurrection. In large sections they are turning towards the Communists for leadership. Some, of course, blinded by their hatred of Dollfuss, are turning to the Nazis.

On the other hand, whatever mass sympathy there is in Austria for fascism has been Nazi all along. It is more than likely that Dollfuss, finding his isolation untenable, and unable, alone, to crush the workers, will come to terms with the Hitlerites. Indeed, the fact that Nazi propaganda has practically ceased, and that Nazis virtually in uniform are allowed to walk unmolested by the police, would seem to indicate that negotiations are even now under way. Once the Nazis are brought into the government, it is only a question of time before Dollfuss and his allies will, like Hugenberg and von Papen, be gradually edged out. Whether this will lead to war depends on how far Italy, France and Czechoslovakia will go in order to prevent the *Anschluss.* Though the future is in doubt, of one thing everyone is certain: "Dollfuss must go!"

Vienna. EDMUND STEVENS.

The Divided Southern Front

TARRYTOWN is a mill village in that section of South Carolina known as Horse Creek Valley. It is one of several villages strewn along the highway that connects Aiken and Augusta. Aiken is the place where all the fine people go in the winter to play polo, and Augusta, just the other side of the South Carolina-Georgia line, is also a resort town. Seventeen hundred persons live in Tarrytown and about 80 percent of them work in the Tarrytown mill.

One of Tarrytown's leading citizens is Bill Legg. He is fifty-two years old and has been working in the mill since he was fifteen. He is the official spokesman for the workers whenever a necessity for conversation with the management arises, and the four-pound bream he caught in the Langley Lake year before last set a record that has never been equaled.

The sun was hot that day and the fish would not bite. We began to talk. It was just after the birth of the N.R.A. and Bill, who has always been a Democrat, was feeling very cheerful and optimistic.

"I allus said it was just a question of getting rid of that lunk," he said, by lunk meaning Mr. Hoover. "Now we're going to get somewhere. We got us a man who's trying to do things."

That started us. In a few minutes our talk had gone to Communism and Socialism and the possibilities of a militant workers' movement in the South. Bill looked at me very soberly.

"Don't you go talking to anybody else like this. You might get hurt."

"What do you mean?"

"Things is different here from the way you say they are in the North. Folks around here ain't got much use for that kind of talk. They've got jobs again and they're eating again and they're getting along. If a cotton-mill man can get along that's all he wants. They don't want nobody starting any trouble."

It was not until recently, when the strike was

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on, that I realized how accurately Bill had described the point of view of the average white worker in this part of the South. The strike, which is over now, began in Augusta. It came without warning and was led by members of the various mill unions. They were in a minority, from 60 to 75 percent of the hands being non-union labor (estimates vary), but by turning off the power and forcing the other workers to leave they were able to capture and close the mills.

A certain amount of mystery still surrounds the strike. It was said to have been called by the A.F. of L., but the responsibility for it has never been fixed. A majority of the workers were opposed to it and many of the strikers had no clear understanding of what they were striking for. The purpose of the strike, however, as far as it has been stated, was to force the various managements to recognize the union and to protest against the "stretch-out" system. Horse Creek Valley is open-shop territory, as is most of the South, and the more articulate workers claim that the mill-owners have been summarily discharging workers known to have union cards and otherwise discriminating against organized labor. The owners, of course, deny all charges, but they make no secret of the fact that they are 100 percent against unionism and always will be.

After the mills in August were closed, the strikers got into automobiles and started down the highway toward Tarrytown. They closed two more mills in the villages on their way, using the same methods they had employed in Augusta, and came into Tarrytown yelling and shouting. They found the mill-gate closed and guarded, but the mill was still running. The strikers surged about and shouted to the workers to join them, but the Tarrytown hands made no move to do so. Already, throughout the valley, considerable opposition to the strike was being voiced by the mill people. The leaders of the strike were called hot-headed trouble makers who didn't want to work anyway, and it was said that if people wanted to stay on their jobs they should be allowed to work without interference. They had families to raise and winter was coming and they didn't want to go through what they went through during the last strike. Out of more than twelve hundred workers in Tarrytown, less than a hundred joined the movement.

After an hour or so of demonstrating, the strikers moved on. There were other mills in the valley, on toward Aiken, and they wanted to try to close them also . . . which they did not succeed in doing. A few of the strikers, however, remained in Tarrytown. When the second shift came on, and workers were leaving and entering the mill, one of them tried to make a speech. He urged the Tarrytown workers to join the strike, not to scab on their fellow workers, and began to outline the results a successful strike would achieve.

Suddenly a group of Tarrytown workers surged toward him. "He's a Communist!" He was, as a matter of fact, not a Communist—only an excited union man. But somehow they thought he was a Communist, and because they thought he was a Communist they beat him up. They also beat up several of the other strikers who came to their comrade's aid.

I talked to many workers about it. I understood their attitude toward the strike—Bill Legg had made that very clear to me—but I did not understand their apparent abhorrence of Communists or radicals of any kind. Their explanations were interesting. A number of them had never heard of Communism, and the reactions of those who had were essentially bourgeois. They said that Communism might be all right in Russia but that this was the U.S.A.; that the Russians were starving under their system; that they (these mill hands) wanted to work for no government. Two other statements were more important. One was that they wanted no outsiders meddling in their affairs.

This too is bourgeois, but it contains a deeper significance. The average Southern worker, living in a region rarely penetrated by any intellectual current, is more distrustful of foreigners, more afflicted with xenophobia, than most Ozark mountaineers. Not only is he suspicious of any manner of dress which bespeaks the outside but he also suspects a different pronunciation or a different vocabulary. To gain his confidence, even his hearing, one has to speak his language. It is not the language, it so happens, spoken by the few radicals he has heard.

The second statement, and the one most frequently made by those who had ever considered joining a radical movement, was short and simple. "It's the nigger." And here, I think, is to be found the basis of the opposition which even a moderate radicalism will encounter in the South. All radical movements are considered "nigger" movements. This is as true of Socialism as it is of Communism. The Southern worker (unless he has been drawn into either party) does not distinguish between them. Communism is Socialism and Socialism is Communism—despite Madison Square Garden riots—and both are "nigger" movements.

There are two reasons for this conception: the identification of the Communists with the Scottsboro case and the fact that the Communist party ran a Negro for Vice President. The first is more important than the latter because it brings the question of the Negro closer to home. All these people know about the Scottsboro case is what they read in their local newspapers. A gang of Negroes raped two white girls. The question of guilt or innocence never enters their minds. A gang of Negroes raped two white girls and they would be dead by now if the Communists hadn't interfered. The Communists came in and tried to start a general uprising of the blacks and they brought down a whole regiment of Jew lawyers from New York.

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It will be a long time before the average Southern white worker joins a movement he considers "nigger." It is only proper to realize, harsh though the realization may be, that the ordinary Southern worker belongs to a class that distrusts and frequently hates the Negro. The fact that the Negro is an economic competitor has something to do with it, but it resolves itself, ultimately, into a question of identity. The white worker in the South does not represent, as he does in the North, the proletariat. There is yet one class beneath him—a class which permits him to think of himself as a superior person, politically and ethnologically, a member of an upper class possessed of certain privileges and attainments. The Negro gives him somebody to look down upon, occasionally to abuse, frequently to despise. It is not a point of view he can abandon in a moment—or one he would be willing to abandon if he could.

Religion has also helped to make all radical movements suspect. Radicalism is synonymous with atheism. News of the Society of the Militant Godless and the destruction of Russian churches has somehow filtered, wildly distorted, into this heart of the Baptist religion. They see their own churches in ashes, their own ministers dead, their own God tumbled out of the sky. It is a highly disturbing picture. The God of Horse Creek Valley is still a wrathful God.

Reverberations of the Gastonia affair also linger in the air. The workers know little or nothing about the Gastonia strike, but they feel that the cause of the strikers was hurt more than helped by the Communists. This is a settled conviction and from it the doctrine is established that any workers' movement has a better chance of succeeding if their ranks are radical-free. It is said that a strike is won only when it is supported by public opinion and that public opinion is immediately alienated by the presence of radicals of any kind. It is interesting to note, in this connection, that in some parts of the South strikers have followed radical leadership until the strike was practically won, success being largely due to radical direction, and then cast the leaders out.

The strike in Horse Creek Valley was a failure. It was poorly timed, poorly organized, poorly supported. The leaders of the strike and the more active of the strikers lost their jobs and they are not going to get them back. There will be many such failures. The Southern worker, unorganized as he is, is destined to go from one defeat to another. He may win a few strikes, but he will lose many more. In time, after constant and bitter disappointments, he may conclude that only by adopting a radical program can he contend against uneven and brutal odds. Then, with the realization of this necessity, his present attitude toward the Negro may change. The Southern labor front, after years of fratricidal conflict, will be united and the defeats of the moment will have served their purpose.

HAMILTON BASSO.

Washington Notes

The Year That the Spokesmen Have Eaten—Cadmus Bewails His Crop—Sundry Woes—Leadership and Ditches

THE New Deal is on the defensive all along its extended front. There have been, within the past ten days, at least five elaborate addresses by prominent administration spokesmen, designed to meet attack rather than to prove success. This is a distinct change from the propaganda of last year. Then the publicity was all directed to showing what wonderful things the recovery program had accomplished. The Jovian General Johnson was exuding marvelous employment statistics. The Agricultural Administration sent out reams of figures proving to the farmers the immense benefits of the voluntary crop-reduction scheme. The public-works program was the basis of optimistic forecasts of a greatly increased purchasing power. From the Secretary of the Treasury and the Department of Labor there gushed almost weekly encouraging information about the increase in revenues and the decrease in unemployment.

This is not to say that all this was fanciful, because the facts undoubtedly justified a good deal of the publicity, and the figures emanating from Miss Perkins have been, on the whole, reasonably conservative. The point is, however, that, except from the Treasury Department, which still tells us weekly of the vast increase in government revenue from taxes, there has been a practical cessation of glowing statements about gorgeous results. Incidentally, I might say that the Treasury statistics are somewhat misleading in that they convey the impression that receipts are vastly beyond the official estimates. Reliable inside information is that revenue is just about up to the estimates.

The Agricultural Administration has been compelled to abandon its $165,000,000 dairy program, and is in a muddle over the hog and cattle situation. The restoration of teeth to the Bankhead Bill of which Secretary Wallace, himself, entertains serious doubts, has launched the administration along the compulsory-control route, and is certain to bring the whole Agricultural Act into court for the kind of test the A.A.A. has been anxious to avoid. There has been, also, a switch in the tobacco-control policy and administration endorsement has been given the Kerr Bill, which will tax the non-coöperating tobacco growers tn an extent that will make it unprofitable for them to refuse to limit their crop. It may be that greater success will be achieved by compulsion, but there is no real confidence about it.

The troubles of the N.R.A. increase rather than decrease, and there is a growing belief that General Johnson has lost his grip on the organization and daily has to pump up his own enthusiasm. It is known that as soon as Congress adjourns, Senator Borah plans to make a series of speeches in which he will indict the operations, policy and results of the N.R.A. With the extraordinary material available to him, Borah's speeches may have a profound effect. The Senate floor, with the pending legislative program occupying public attention, does not give him the sounding board he wants. Inside the N.R.A. machine, General Johnson is

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engaged in a bitter controversy with leaders of organized labor, who regard him as inherently incapable of taking a detached view and, at heart, opposed as strongly to the closed shop as any industrialist. The President concedes that Professor Warren's gold-purchase policy has not produced the "hoped-for results" in the way of raising commodity prices, but he is nevertheless firmly set against any further silver legislation of a mandatory nature.

With the view of reassuring business, the Treasury is pointing out that emergency expenditures are much less this year than was expected and hence that the deficit will be around four instead of seven billion dollars. From one standpoint this may be encouraging but not, it would seem, from the standpoint of the President's recovery program. What it really means is that the P.W. A. is unable to spend money as scheduled. Because of the failure of states and cities to satisfy requirements, much of the allotted money is still unspent. New ways of using it are now being sought.

In another direction, however, expenditures have run ahead of schedule, not behind. Among the thoughtful men on the inside there is more real concern over the federal relief system than over any other single part of the program. With business growing better, instead of the relief rolls shrinking, they have been steadily expanding. More than four and a half million families are now being supported by federal funds. Both costs and numbers have gone up. Increase in employment seems to have no effect at all in reducing the federal relief burden. States and cities are desperately fighting for more aid and the situation is one that keeps not only Director Hopkins but the Governors and mayors of the country in a sweat of apprehension. The federal government endeavors to hold fast to the rule that it will only provide funds for states that do their share. In some, a 50-percent contribution is required. Others are let off with less but some have refused to do anything for themselves and the government has been obliged to do it all. Notably was this the case in Kentucky. The fear is that as the load continues more states will be unable to carry half. Some of them, I am told, have reached their extreme borrowing limit now. The real danger is that in another year the states will shift the full burden upon the Treasury. Naturally, there is political pressure for this shift and there seems no doubt that at the next session a far greater federal appropriation will be made.

One other New Deal activity that is not going well and bids fair to go worse unless there is real reorganization and a general house cleaning is the Home Owners' Loan Corporation. That this organization has served a useful and almost essential purpose most persons will agree, but also they will agree that its beneficent effect has been vastly lessened by the saturation of the whole system with petty politics. It has been charged on the floor of the House that in several states, notably in Illinois, the H.O.L.C. state organizations are almost wholly in the hands of politicians. Waste, extravagance and graft are suspected in various localities. Yet, in face of these facts, the House resolutely refused to accept the amendment of Senator Norris prohibiting appointments or promotions for political reasons. This amendment was adopted by the Senate, endorsed by the H.O.L.C. board and personally requested by the President himself. The refusal was degrading and reflected discredit upon the House leadership.

Recent press publication of the report that close political advisers of Mr. Roosevelt were extremely dissatisfied with the House leadership has greatly disturbed both Speaker Rainey and Mr. Byrns, the official floor leader. It was said and, I understand, with complete truthfulness, that a suggestion had twice been laid before the President to consider some means of obtaining new House leadership for the next session. It was urged that the next House may make or mar Democratic prospects for 1936 and that it would be wise to take no chances.

Naturally, these printed notions aroused the indignation of the Speaker, who promptly denounced them as untrue and sinister. He also hastened to the White House with the idea of being reassured. The reassurance, I am told, was by no means complete; for the President has in fact been disquieted by the ineffectual nature of the party management in the lower chamber. However, there is nothing much he can do about it. The inspired story about an administration desire for new leaders may have the effect of stiffening up the present ones, but there is no practical way of getting rid of them.

T. R. B.

Washington.

Other People's Money

Affiliated Sneakings—Mr. Aldrich Goes A-Calling —The Pickle of Prices—Branching Into New Banking Pastures

SENATOR Fletcher, chairman of the Senate Banking and Currency Committee, has just introduced a bill to amend the Glass-Steagall Act in a most important particular. The Glass-Steagall Act gives banks a year in which to dissolve their affiliates—at least those affiliates owned by the same stockholders, with stock ownership evidenced by the same certificates as the bank's. Senator Fletcher now introduces a bill to give banks an additional year in which to demobilize these vicious and disastrous affiliates.

The Senator announces that the proposal was not an administration one. But one little coincidence must be noted. The preceding week Mr. Aldrich, head of the Chase National Bank, and another leading New York banker interested in an affiliate were guests at the White House. No group of persons in America has had more frequent and steady access to the White House than these same Wall Street financiers. And I think they have done pretty well as a result. A little later Mr. Aldrich had a conference with Senator Fletcher. Immediately following these two conferences the bill to give these boys another year in which to dissolve their affiliates is introduced.

Will Wall Street and the racketeering banks all over the country, which have robbed countless thousands of trusting depositors and investors through these predatory and unconscionable affiliates, succeed in getting away with this? I predict that they will. They have been doing very

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well lately, thank you. They have succeeded in taking out of the Stock Exchange Bill almost every important tooth designed to bite into Wall Street and in transferring the power to a still unnamed commission. Whether that bill amounts to a hill of beans depends now on the same appointive power that put Earle Bailie into the Treasury, and also put other powerful subordinates who were the worst enemies of the Stock Exchange Bill into the Federal Reserve Board and the Treasury. But at least it ought not to be possible for these fellows to give another lease of life to these marauding affiliates by sneaking the amended Banking Bill through Congress.

Incidentally some capital is being made for the President out of the campaign of propaganda the Stock Exchange has been carrying on to defeat the Stock Exchange Bill. This is described as warfare on the President. Well, no one can defend the vicious drive of the Stock Exchange, which is not warfare on the President but an attack on the interests of society. However, the chief enemies of the bill were not to be found in the Exchange. We knew where the Exchange stood. We could reasonably expect these fellows to put up a fight for their own hides, their own rackets. The most powerful enemies of the Exchange Bill were found in the President's own official family. What is the use of clamoring against the Exchange when the most successful raids on the Bill were engineered by men in the Federal Reserve Board, the Treasury and the Department of Commerce? If Congress permits banks to enjoy another year's license before divorcing their affiliates, the people of America will have good cause to suspect that they are being made the victims of some grand showmanship.

The prime object of the President's ill fated money adventures was to raise the price of commodities. The President has himself expressed grave doubts of the usefulness of this amazing experiment. But the people who are now being asked to pay more for milk and, probably, for bread, will be interested to know what has happened to commodities, the precious objects of this price-raising effort. While the prices of manufactured goods both at wholesale and retail have soared, the price of foodstuffs has had a different history. October 9, 1933, well before the President's gold buying began, May wheat sold at Chicago for 91⅛. Last Friday it was 77⅝. May corn was 50½. This year it was 44¼. Rye was 69⅝ in October. Last Friday it was 54⅜. The New York price of granulated sugar is down and so is the price of raw sugar. Pork is up two cents and beef is down one cent compared with the same date a year ago, when things were pretty bad. Butter is down and so is lard. When you get around to manufactured commodities, however, the story is a little different. Iron is up from $14.34 to $19.26 and print cloths from 3⅞ cents to 6⅝ cents. It is for these pitiful changes that the vast and complicated and contradictory mechanisms of Mr. Roosevelt's planless planning have been invoked.

Let me not be misunderstood. There has been a lift in business. Of course there has. But the reason for it is plain. The United States government has, in the last six months, poured out in hard cash into the streams of income $470,000,000 a month. Stop that flood tomorrow and where would the business lift be?

Meantime, while literally nothing is done to deal with the fundamentals of banking practice, the Senate has passed a branch-banking bill, permitting branch banking in the territories and possessions of the United States. I have repeatedly pointed out that while branch banking may perhaps be a perfectly desirable form of banking, to permit it or extend it while holding-company banking and numerous other banking rackets are still legal is a crime against the people of the United States. But the Senate, in the midst of our glorious New Deal, quietly passes a law opening up new pastures to the gentlemen who gave us all such a splendid rooking in the good old days.

JOHN T. FLYNN.

Worth Seeing

IT IS a little late in the day for mention of "It Happened One Night," but since the picture is still floating around the little houses and since it would be a pity to miss it, I should like to plump for it here, and strongly. Considering its subject, it is better than it has any right to be—better acted, better directed, better written. The plot has to do with a girl who escapes the rigors of life on her father's yacht and takes a long-distance bus for New York, where she proposes to join a villain she has just married. She runs into a fired newspaper man who at first is rather hard on her but soon turns out to be a very number-one sort of chap indeed, and everything runs along nicely until the two have surmounted about everything and are nearly home. But then, everybody being in love with everybody else in pleasantly conclusive fashion, there enters more confusion as to who loves whom and why than might be expected of a Molière comedy. Barring the incidents of the bus ride, the outlines of the story have a deadly enough familiarity all through anyway. What the picture as a whole shows is that by changing such types as the usual pooh-bah father and city editor into people with some wit and feeling, by consistently preferring the light touch to the heavy, and by casting actors who are thoroughly up to the work of acting, you can make some rather comely and greenish grasses grow where there was only alkali dust before. The cast was particularly sound from top to bottom. Claudette Colbert sensed what was required of her, and did it very well, though I do not care for her much as a person—not as much in fact as for Walter Connolly, who was delightful. Clark Gable was the outstanding feature, managing to be a rowdy and a perfect gentleman and a newspaper man and a young lover, all in the same breath and the most breezy and convincing manner imaginable. And now having adjudicated and discriminated and in a word defined the picture with proper regard for this and that, I am reminded that such a picture cannot be defined at all until we find a way of describing whatever it is that makes first-rate entertainment what it is.

But there are comedies and there are comedies, and the new Tarzan film—though possibly without intention—is certainly one of the funniest things you'll ever see. Weissmuller and Miss O'Sullivan do their triple somersaults and back salmons through the air and under the water and into the arms of their friends the apes as though there were

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nothing in the world to do but that, and yodel; and every minute or so someone douches the scene with buckets of blood, this last development owing mostly to the writer's having got his stage cluttered with more than a thousand superfluous lions, natives and extras, and having to shoot his way out. At the curtain, though, everything has been cleared away, including the white men who had considered stealing Tarzan's ivory and wife, Tarzan has killed in single combat or ridden no hands everything but the West African steamship line, and now goes thoughtfully back to his flying trapeze, having just previously been shot through the head. The picture is studded with high points (as witness a battle with a rubber crocodile lasting about five uproarious and thrashing minutes), is consistently hair-raising with ambuscades, tom-toms and near escapes, and lasts for something like twelve reels.

Of a much quieter (and, from a natural point of view, more fascinating) nature is Frank Buck's "Wild Cargo," being the pictorial record of an expedition into the jungle for the purpose of capturing alive whatever may live there. Some of its dramatic passages I suspect to be made out of whole cloth; but the absorbing part of such a piece of work lies not in the drama but in the authentic background, the movement of wild life—especially the almost incredible lightness and grace of the scene where the monkeys are first sighted, and the whole business of the harnessing of elephants to catch elephants. Even in the case of such phoney conquests as the snake episodes, the picture is absorbing enough, though possibly repetitious of "Bring 'Em Back Alive," which I haven't seen. Whatever may be said of Mr. Buck's qualities as a hunter, he is to be thanked here for his sure and good taste as a showman.

"I'll Tell The World" is not much to see unless you have a special appreciation of Lee Tracy, who is bright and flip and on the whole agreeable when left to himself, which he is not here. Together with Roger Pryor, he is given a little leeway, but gets almost nowhere before it is necessary to return to a romance-with-royalty plot that gets just about as dull and impossible as could be expected.

OTIS C. FERGUSON.

Dancing a Railway

A FEW poetic images do show up in the pantomime of "Union Pacific," the new American ballet on Archibald MacLeish's libretto about the completion of the transcontinental link, which the Monte Carlo troup performed during April in Philadelphia, Chicago and New York. The rather Sandburgian best of these significant figures occurs somewhat anticlimactically in the first scene. It is composed by dancers representing one of the Irish construction gangs which helped extend the railway westwards across the plains and through the Rockies in the late 'sixties. Serially, the laborers carry in other dancers stiffly extended and cased in dark-colored cerements, and lay them on the ground in the forms of ties and rails. Again, at the close of scene two, a vigorously rhythmical counter-dance-movement of the Chinese construction gang and its surveyor, supposed to be extending the line eastwards through Utah, suggests a relentless, almost inspired concentration of brain and brawn upon the completion of the far-flung structure. And the final picture is mildly satiric: after the representation of the linkage of the two sections at Promontory Point, and the confrontation of the heads of locomotives pointed west and east, several dancers impersonating financiers advance to the center of the stage. And pompously driving in a golden spike and expressing their emotions to the strains of "Old Hundred"—as the bankers actually did in Wall Street on the day in 1869 when word of the completion of the road was flashed to all parts of the Union—they finally complacently pose for their photograph against a background of grinning Coolies, Paddies, Greasers and whores.

But that is all. Nicholas Nabokov's music is really more poetical than is the sketchy libretto. Probably the livest of the Russian émigré composers, younger than Prokofiev, and in point of emotional capacity easily the superior of the overadvertised Markevitch, Nabokov, who has been living in New York during the last year, has provided "Union Pacific" with a pleasing score which, though it remains theatre music, reflects meanings implicit in the subject and not transmitted by the librettist, or Massine the choreographer, or Albert Johnson the decorator. Never perhaps either profound or exquisite, the lusty, melodious, agreeably solidly colored composition, for a space at least, infectiously suggests fresh energies and the zest of enterprise. It has a *joie de vivre;* and sings out as from a pair of virile lungs the homely songs of the period, such for instance as "Lady Gay," "I Am a Gambling Man" and "Oh, Susannah," which Nabokov exploits with considerable appreciation of their character and pathos. But in the middle of the third, the "Big Tent" scene, a tableau amplified out of all proportion and beyond dramatic necessity for the sake of affording the corps de ballet an opportunity for characteristic dances, and Massine a chance to do a truly sublime cakewalk, it looses both its freshness and its significance. And while for a period in the fourth scene it takes hold of the poetic idea again, it peters out during the satiric close. One has the impression that the composer had a sincere, lifting feeling about the railroad construction, the country and labor, but that he permitted the libretto and the requirements and moribund traditions of the Monte Carlo Ballet "to put him off his track."

Thus, "Union Pacific" fails even lightly to extract from its subject, assuredly the most important American event immediately subsequent to Appomattox, most of the significance and beauty which might appear to inhere in it for the definitely poetic mind; and fails of producing several important effects which, even as a pantomime, it might conceivably and without pretentiousness have achieved: principally, the creation of another little mythical home for the American spirit, and the hearty celebration of creative courage and labor. As it is, the ballet amounts at the most to a garishly colored, faintly ironical animated print, quaintly representative in the manner of Currier and Ives of the event of the completion of the transcontinental link, of the interiors of the itinerant barrooms that followed the construction gangs, and other specialties of the place and the period. Of course, it is one of the best recent additions to the Monte Carlo Ballet's repertory: but we might have preferred a bore, provided it was noble.

PAUL ROSENFELD.

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CORRESPONDENCE

Super-Astral Rent

SIR: Oklahoma City is given as the Silver Shirts' organization center in the article on Pelley of the Silver Shirts in your issue of April 18.

Here is a little item from The Daily Oklahoman of April 15 that may interest you:

> If the Silver Shirts, anti-Jewish organization, is still active in Oklahoma City, A. C. Robinson, apartment hotel manager, would like to know it. He would like to know it to the extent of $100 in rent due.

So you will see that Pelley, following the practice of the popular Annie, does not live here any more. Unless of course it be in one of those "hyper-dimensional" forms with which he claims familiarity.

S. LOMANITZ.

Oklahoma City, Okla.

Economics through the Wishing Glass

SIR: On April 23, at the New School for Social Research, Major C. H. Douglas, the apostle of Social Credit, made his first public address in the United States. Mr. Gorham B. Munson, the chairman of the evening, was full of the importance of the occasion. Not content with proclaiming it a great historical event, he anticipated a further verdict of history by placing Major Douglas as the economist of the Power Age a stage above Karl Marx, the economist of the Machine Age, and two stages above Adam Smith, the economist of the Pre-Machine Age. The audience of well dressed and well bred middle-class citizens eagerly awaited the prophet and his message. Major Douglas revealed himself as a thick-set English gentleman, somewhat past middle age, with a clear, soft, confident speaking voice. His first words were reassuring: "Suicide statistics prove that economic insecurity affects everyone today and has no class aspects whatsoever. The mental cruelty which this inflicts on the well-to-do is often greater than the physical cruelty visited on the down-and-out and increases the higher one goes in the business scale."

Major Douglas's subject was "The Evolution of Economics." It seemed that our economy had somehow evolved straight into the hands of the private bankers who controlled it for their own selfish ends. We had built an industrial system capable of providing enough for every one—and yet it remained half-idle because consumers could not get enough money to buy the goods they wanted. The big bad bankers would not let the productive or the distributive systems function properly. He was sure that the American people would not tolerate such useless "poverty in the midst of plenty" much longer.

What must be done? He himself would not advance any particular plan of action at this time. The immediate task was to arouse the people and their elected representatives to the urgent necessity of some solution. The important thing was to make certain that the principle of the solution was correct. Present recipients of interest on government bonds get money without working for it now. If the power of creating credit against real wealth is restored to the state, this practice can be extended to the entire community of consumers by means of a National Dividend. The future of Democracy was at stake and could be assured only by the kind of monetary reform he outlined.

The audience listened attentively but undemonstratively, reserving their heartiest applause for the question period when Major Douglas declared that under a Social Credit regime "there would be no necessity for taxation." As the meeting closed and they filed out of the hall, expressions of relief and comfort might be detected on their faces. Was it as simple as that: to receive money from the government instead of demands for taxes! The nightmare of the depression would vanish with the dawn of Social Credit. Nothing would be disturbed in the process and no one harmed but the Wigginses and the Morgans, who could stand it anyway. All would be as it was before the crash. Everyone in the same secure social position and economic state; the workers at their jobs, we in our apartments, and God in his heaven. No more strikes, unemployment, relief riots, alarms of wars and revolution. It all seemed too good to be true. It was.

GEORGE E. NOVACK.

New York City.

[Since the disciples of Major Douglas are famous letter-writers, having crowded the single taxers into second place in this regard, The New Republic wishes to state that it will print not more than three answers to Mr Novack, reasonable in length and tone.—THE EDITORS.]

Leave the Mountaineers Alone?

SIR: I read your editorial, "Schools for the Mountaineers" [The New Republic, April 4], and I'm glad somebody has the right opinion of the hill people. I really think you hit the nail on the head when you say they are an independent sort of people and rebuke charity. I think people from the East and North have been very unfair in some of their criticisms of the hill people. They are unfair because they do not know anything about us. One sentence in the editorial went something like this: "They say they are unhappy and uprooted in their own mountain valleys," meaning, of course, after they'd gone to college. If this is true, why have colleges for the mountaineers? Let them alone to plow their own mountain valleys. Leave them alone on the soil—leave them there without a college education.

I have a college education. It was hard for me to take, but I finally did take it. It made me dissatisfied with my lot for a while. Finally I landed back where I belong—among the hills. Now I see how futile a college education is. It was preached to us in high school and college—get an education and walk with a pencil behind your ear or some sort of bull like this—all the big-money idea. It makes me sore to think of it all now and how silly that stuff was. The happiest people I've ever seen have been the people living on little hill farms raising enough foodstuffs to do them, making their own whiskey and wine to drink, raising big families of children, living their own lives close to the soil. So I'm asking you why educate them?

JESSE STUART.

Fullerton, Ky.

Extracts from Letters

J. N. LUSE of Emmetsburg, Iowa, believes that we realize the importance of the farmer's purchasing power, but he is not persuaded that enough others do. "The consumer," he writes, "pays three times as much for farm products as we get. The processors and distributors get the two-thirds instead of the one-third as they should. On the other hand the mass producers have used science and inventions to displace labor and cut costs, but have not passed these benefits on to the consumer."

Our statement [March 28] that the proposed intermediate industrial credit banks are not likely to be effectual is denied by Mr. C. S. Johnson of Jacksonville, Florida. "I am sure," he writes, "that there must be many small and medium-sized firms still solvent which need just this sort of semi-long-time financing. If the big corporations are suffering from lack of long-term borrowing, why shouldn't the smaller ones?" He also suggests that we "tell Mr. Bliven and some other writers to quit writing about the South as if it were a strange specimen of insect impaled on a pin. We're not much different from the rest of the country, only a *little* better."

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Stevedore

Stevedore, by Paul Peters and George Sklar. Civic Repertory Theatre, April 18, 1934.

THE NEW production of the Theatre Union goes a long way ahead of the first, "Peace on Earth," and continues the honest vigor that the other opening production sought. "Stevedore" is a melodrama full of dangers, escapes, despairs, loyalties, deaths, and a barricade, with shooting and oaths and the pursuing enemy put to flight. To this melodramatic and nearly always sustained movement forward is added handsome suspense at times, varieties of tragedy and oppression and social wrong, and moments of racial humor. The whole sum is, happily, theatre; to forget theatre is fatal, no matter what cause or social wrong is to be expressed.

To all this theatre is added in "Stevedore" the problem of the Negro race among us. This problem is wisely allowed to end on an optimistic note. Dun, depressing tragedy would be false to the gusto of the rest of the play, and what is more—unless the play were written by a great dramatist, where is he?—the gloomy dénouement would not go so far as those gay brickbats do at the final curtain. The one tragic note in the dénouement, as the play stands, is the death of Lonnie, the chief spirit in the revolt; and this is right. The restless problem, the insoluble basic race tragedy, biological and historical, that is involved and that has been in the world thousands of years, is implicit in this character, and to let him live would be to suggest a solution of the problem that is by no means achieved. To solve the Negro problem in a play just now would either place you as a great visionary or a baby. This is a fundamental point and a virtue in the play. It serves also to indicate the essence of melodrama, which always moves eventually out of the shadow of tragedy into gay buoyancy and a dash of exaggeration. There is, in fact, something very wise, in the case of such a play and for the uses of the Theatre Union, in having "Stevedore" a melodrama; the joy and kick and gusto of the people pour out of that form, for life can be fun after all, and the peoples' heart likes to believe it so. Oppressed or not, you love to throw a brickbat and hit the enemy square in the eye. If he shoots quick and sends you to your death, well, even that, sad as it may be, is of the color red and is a form of flying, as brickbats go, and better than drab death. I am trying to say that in going at the race problem, black and white, the authors of "Stevedore" are wise in not making it a dead-canary imitation of a bad translation of Ibsen, which is what plays about New England and plays of the Manchester school were doing ten years ago. Everybody knows that great tragedy is one thing, but otherwise the theatre should bounce and sing and even yell, for it is a bright art. And everybody knows that many of the solemn gray pieces written a decade ago, in so far as they were any good, were deliciously depressing and very toothsome. I myself have seen tragic-audience friends torn to shreds by them—this was ten years ago—but an hour later eating sandwiches that, not for what is known as the head but what is avoided as the stomach, were far more rich with gloom. Most of our American tragedies have been on the mental level of children hanging dolls in the garden, though at times the personalities of the actors removed for the nonce that grim adolescence from the whole event. I am trying to pay the Theatre Union a compliment on its secure instincts, popularly, in keeping up the snap and variety of its second production and play. That the compliment will be appreciated is quite another matter. For "Peace on Earth" I used the word "sincere" with sad results. I should not say we have had this year three productions that—in toto—we could have called sincere, but, nevertheless, defenders of the piece and backers of the event took my use of the word as mere stage money thrown about. I will not dwell on the point except to add that in common theatre parlance "sincere" might be said to mean that everyone should be sincere; I had as soon say that everyone should be able to sing in opera.

To this Negro problem, or social tragedy—it is plain that I am sociologically unnerved, not feeling certain whether I may speak of art in Dante's terms about poetry as the "loving use of wisdom" instead of endorsing the Sweet Singer of Minnesota when she says, "Stand up, be men," a larger order than Dante would have presumed—to this Negro problem in "Stevedore" is added the necessity of Negro actors. They are at least a rest from our Broadway solidities, where we find a few good actors and the rest like the gas out of stale editorials, business accounts and clothing news. Negro acting in New York is as a rule mistaken for good acting, because of the Negro exoticism and strangeness—the same poor tune but played on a lively instrument. In "Stevedore" at the Theatre Union the amount of fair acting among the Negro players is unusual. Mr. Blankfort's directing has wisely left them unconfused; they glow not infrequently. There is no acting among them that would stop a clock, but there are plenty of adequate demonstrations of themselves as stage medium; and for even this we can be thankful. The white players come off well also. Mr. Dodson Mitchell as the dock employer is good and Mr. Neill O'Malley as the union worker who helps Lonnie, the pursued, plays convincingly and straight. I have too much respect for him to say he is a second Duse, which I believe is the true formula. I say he played well a part that could easily have gone wrong.

The story of "Stevedore" takes its substance from various race events in the United States, first one and then another, and weaves a story out of them. The singing at the wake for the dead old Negro, killed by the mob, is moving and deep, though the effect of it is lost in the blurred direction of the end of the scene. This may serve as a final suggestion: the directing in "Stevedore" needs more economy. You could hurry the movement up in some spots and pause in others. The stage crises could be made much more pure and final visually by choosing and taking time instead of providing so much vivacity and repeated snap and ginger. The same is true of the words. This play needs the same loving perfection or life—the same thing—*in the words* that "Peace on Earth" needed. I am not pleading for Negro dialect of any excellence, but merely for a sense of the fundamental medium of all drama, which is the touch and go of living speech. In "Stevedore" very often it is only the color of the voices of the Negro players that makes the speech sound alive at all.

STARK YOUNG.

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BOOKS IN REVIEW

Philistine Turned Loose

"JOURNEY to the End of the Night"[1] is a masterpiece that has to be read, and one that holds its readers whether or not they like what they are reading. Essentially it belongs to the tradition perfected by Joyce and Proust, that of the "pure" novel, autobiographical in content, extreme in its subjectivism, tormented and bold in its psychology. But it breaks decisively with this tradition by making the theme of individual solitude, hitherto treated in an opaque fashion for a limited audience, clear and acceptable to the man in the street. No erudition comparable to that required by "Ulysses" is necessary to understand and enjoy the "Journey" and to feel its frantic despair. Céline is in direct contact with mankind through his extreme hatred for it. Thanks to him, the esoteric theme of the "eternal" solitude of man—that intellectual luxury-product hitherto manufactured in the most expensive ivory towers—has been made available to the "vulgar" masses.

The story Céline tells is fairly simple. It is the Odyssey of a young man who escapes repeatedly from one unbearable life only to enter another. He leaves the boring existence of the French middle classes to join the army at the beginning of the War; he leaves the hell of the Front only to suffer the slavery of colonial life in French Equatorial Africa; he escapes from the tropics and goes to the United States only to find himself submerged in the anonymous miseries of the American proletariat; at last he goes back to France, finishes his medical studies, which had been interrupted by all these adventures, and finds a post in a hospital in a dreary suburb of Paris.

Though the story itself is rich in thrills and excitement and is told vividly, with an uncommon narrative skill, it is not the most important feature of Céline's book. What makes the "Journey" so extraordinarily significant is the continually deepening and widening realization of a hideous reality. At each step of his wanderings the hero, Bardamu, discovers new forms of solitude and wretchedness, new reasons for utter despair. Just as the greatness of "Ulysses" lies in the implacable, never-tiring lucidity that penetrates into the remotest corners of the mind, so the greatness of Céline is in the implacable never-softening bitterness that pervades his book from the first sentence to the last. This note of ferocious disillusionment is equaled nowhere else in French literature. Throughout all the "Journey" there is not a single instant of relaxation; the wound is perpetually bleeding and hurting. There is no beauty or consolation, no escape. Everywhere we find ugliness, brutality, the pitiless triumph of the strong over the weak and sensitive.

What are the causes of this universal human wretchedness? Céline does not look for causes, but nevertheless his answer is ready: Destiny is responsible, and the very nature of our souls. He is more than unaware of the social implications of our misery: he flatly denies their importance in so far as the individual fate is concerned:

> No regime could resist two months of truth. I mean Marxist society as well as our own bourgeois and fascist societies. Man cannot continue to live, in any of these social forms, entirely brutal, all masochistic, without the violence of a permanent lie, more and more colossal, all-pervading, frantic—"totalitarian," as it is called today. . . . Without this tyranny our communities would collapse into a state of utter anarchy. . . . Dictatorships or not!—only pretexts for playing the game of Death.

Thus Céline summed up his "philosophy" in a speech given last fall at a meeting in honor of Emile Zola; and he added that "The Street of Men is a one-way street; Death manages all the cafés and the poker-game of blood attracts and holds us." One cannot help thinking of Joyce's "men, lovers of death and decay"; but Céline's misanthropy is even deeper and more violent. We seem to have reached the very limits of negation.

Yet in France, "Journey to the End of the Night" attained a circulation of almost two hundred thousand copies; and in this country, too, it promises to be widely read. How does it happen that a novel preaching such an extreme contempt for mankind, in a colloquial style of the utmost crudity—the translator has been forced to soften the obscenities that occur on almost every page of the original—should appeal so strongly to the public? The artistic qualities of the "Journey," great and impressive as they are, do not provide a satisfactory answer to this question; something else than art is here involved. Any real analysis of Céline's popularity will reveal the underlying social basis of his novel, and will show that in spite of his own ferocious individualism, the "Journey" is an expression not so much of the individual as of a broad social current.

The French lower-middle class is suffering from a deep feeling of disillusionment. After the devaluation of the franc in 1927, the members of this class were filled with extravagant hopes by a prosperity that proved to be fleeting. During a short period they worked hard and saved a good deal of money. Then, at the very moment when their efforts seemed on the point of making them secure against poverty, in 1930, came the great slump. Today the French philistine is conscious of great failures: war for nothing, victory for nothing, work for nothing. His ancient and celebrated sagacity, *la finesse française,* has been of no avail; he has been cheated, duped.

Céline expresses with great force these very feelings: disillusionment and bitterness. In his world everything is worthless; the people are cowardly and selfish. Everybody is submerged hopelessly in an all-pervading filth—the doctor, the grocer, the worker, the man you see in the subway, the common soldier, the officer. Everything is democratically leveled in the failure of democratic society. At last the philistine's taste for equality is satisfied: one thing is as good as another; nothing is any good at all.

The only driving forces that emerge from this general nullity are heedlessness, brutality and the typical French *je-m'en-foutisme* ("not giving a damn," "to hell with everything"). But what is this attitude in reality but the philistine himself, with all his spiritual emptiness, his lack of creative instinct? There are no more customers. The people who owe us money are bankrupt. The salesman's smile is put away with the unpleasant feeling that it is being put away forever. In the midst of an inhuman silence only the lowest instincts speak. And these instincts are not merely "expressed" by Céline; they are also glorified, proclaimed as eternal and essentially "human." The

[1] Journey to the End of the Night, by Louis-Ferdinand Céline. Translated by John H. P. Marks. Boston: Little, Brown and Company. $2.50.

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inner swinishness of the philistine is excused by a sort of fatality, by the idea that it is produced by the necessary course of events. It is useless to bother about higher values; the "beautiful" and the "good" are no more. The coarse and cruel and lonely fight in the jungle and the knack of getting along without greatness of heart are the only motives that rule in society. Reaching the last blind alley of bourgeois consciousness, Céline has called it "The End of the Night."

He did not intend to write a revolutionary novel. The "Journey" depicts in an unforgettable way the most moving and disgusting aspects of unhappiness: poverty, loneliness, the exploitation of man by man. Yet in all this Céline cannot see that capitalism plays any part. He prefers to attribute all the evil about him to the mysterious forces of Bad Luck. Such an attitude implies submission to the present system and releases one from the duty of thinking and acting to make things better. But this is not the lesson that readers will draw from his novel. Whatever Céline himself believes, such a powerful revelation of human misery becomes revolutionary in its effects as soon as the real causes of that misery are discovered. The feelings expressed by Céline—passivity in suffering and the esthetic contemplation of despair—cannot last, for the simple reason that human consciousness will not stop in a blind alley. What for Céline may remain "The End of the Night," with only death beyond it, will for the masses be the prelude to a new day.

Indeed, there are signs that literature is already abandoning the myth of hopeless solitude. In many novels, the secret, "incommunicable" life of the individual is beginning to be portrayed in its relationship to the social forces that direct our individual destinies. The drama of isolated men is being replaced by the drama of social classes in conflict. It is true that while the new form is growing up, the old one is still producing—the example of Céline proves it—masterpieces of art. But it is also true that these masterpieces are somehow more and more the product of exasperation. Obviously an old process is nearing its end. And yet what a long way it has carried us!—from Pascal's terror of "the eternal silence of infinite space" to Céline's hatred of nature and utter abandonment of spiritual life; from the noblest ambition of Man in his cosmic solitude to the savage hysteria of despair. In the evolution of bourgeois literature, the myth of "Prometheus Bound" has degenerated into the myth of the philistine turned loose.

NORBERT GUTERMAN.

The Living Dickens

Charles Dickens: His Life and Work, by Stephen Leacock. New York: Doubleday, Doran and Company. 334 pages. $3.

DICKENS, says Mr. Leacock, was far greater than Shakespeare. Yet Shakespeare is studied in schools and colleges and Dickens is not. Shakespeare wrote about kings and is dead, but Dickens "is too recent, too ordinary, too easy to understand," and also too funny, so he is not given his rightful academic place. These claims seem to me unfortunate. They injure the validity of an extremely readable, vivacious and intelligent book. Which age is greater, the Elizabethan or the Victorian? The answer will depend entirely on the answerer and will answer nothing. But Mr. Leacock shows us that Dickens was great, and also that, as a man, he was often far from admirable. The fusion of the various aspects of Dickens into an acceptable and convincing personality is accomplished by a warm instinctive sympathy and an excellent critical balance.

Dickens was great. But the more we think about him the more we marvel that a man so limited could be great. He wrote atrociously, his sentimentality was maudlin in tone, his genius for inventing "characters" that entrance us and get into our blood and haunt us forever, his extraordinary emotion and hilarity-compelling vitality, existed side by side with a complete innocence of the subtler springs of character and the way in which they express themselves in speech and action. He had no understanding of the social forces whose results he so poignantly or humorously portrayed. He saw institutions always, as the author points out, as horrible or funny. When he went to France he thought the French were funny. But he saw a play about the French Revolution and read Carlyle, and "A Tale of Two Cities" is the result.

Dickens' greatness consists in having so perfectly summed up in his work the culture of his own period. His sentimentality and conventionality, his lack of psychology and taste, his humor "of discomfiture and comic misadventure," his vitality and abundance, his delight in "humors" and "characters," are a monument to "the age of individual eminence that is giving place to the world of universal competence." He has created an enduring picture of England and London in that time. And apart from all that, he is so good because he can be so bad and still put it over and still delight us, and even today he does it. And although it is unlikely that an eminent critic will ever again burst into tears over one of his novels, as Jeffrey did, people are reading Dickens all over the world and will doubtless continue to do so.

CLARA G. STILLMAN.

For and Against the New Deal

The Menace of Recovery, by William MacDonald. New York: The Macmillan Company. 410 pages. $2.50.

The New Capitalism, by James D. Mooney. New York: The Macmillan Company. 242 pages. $3.50.

Our Economic Society and Its Problems: A Study of American Levels of Living and How to Improve Them, by Rexford G. Tugwell and Howard C. Hill. New York: Harcourt, Brace and Company. 575 pages. $2.50.

THESE three books do not present all of the diverse views of the New Deal now prevalent, but they are representative of the extremes. MacDonald and Mooney are campaigners against it; Tugwell and Hill earnest supporters, whose only criticism of the New Deal is that it does not go far enough.

MacDonald is a journalist, whose book is a faithful record of events, interspersed with frequent references to the Constitution and economic laws. The President, so the account runs, flimflammed the American people by talking only about recovery before election and then after March 4 inaugurated "a presidential dictatorship" in which "the line of demarcation" from "the kind of state capitalism that obtains in the Soviet Republic" "is being rapidly and thoroughly obliterated and the transition to a socialist order skillfully prepared." It is admitted that there has been some recovery and much enthusiasm for the New Deal, but it is charged that the recovery has been "both superficial and artificial" and that the enthusiasm was "bought and paid for" by making "a fifth of the American people its financial dependents." Legalization of beer was a sound policy and expenditures for relief were probably necessary,

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but all of the rest of "the recovery program is shot through with economic fallacies and social vagaries." All this reads like the recent attacks upon the New Deal emanating from Mr. Sanders of the Republican Congressional Committee and is, very evidently, intended to serve the same purpose.

Mooney is "a prominent industrialist," who is greatly perplexed. His perplexity arises not from any doubts on his part, but from the blind failure of the American people to understand the simple economic laws. Mooney credits Roosevelt with good motives—one suspects that he may have voted for him. He does not indulge in invective except against the "intellectuals" who are to blame because "we have gone amazingly socialistic" and are distinguished from the "economists" to whom "business men owe a debt" for having "shown the absoluteness of economic laws."

Instead of calling names, Mooney endeavors to educate the misguided public. He does this through "hydraulic analogies"—beautifully colored charts illustrating the law of supply and demand and the fallacies of reducing hours of labor, increasing wage rates and the rest of Roosevelt's policies (save restriction of child labor and conservation of natural resources, which are approved). The striking feature of these charts and the accompanying text is the simplicity of the laws which are deemed all-sufficient guides for social policy. Government has one function only: protection, and in all its activities should be guided by "constitutional morality—the concrete application to human relations of the fundamental principles of justice." The only ways in which government can aid recovery are "first, by keeping taxes at a minimum; second, by establishing the rules of the game among the various competing economic groups, and undertaking to see that the game is fairly played; third, by maintaining such free play of economic forces as will protect the interests of consumers." From these simple principles, Mooney adduces "The New Capitalism," which would appear to be merely the old capitalism given another chance to work out its destinies without governmental interference.

Radically different, both in the materials presented and the conclusions reached, is the book by Tugwell and Hill. Tugwell is the Under Secretary of Agriculture and the reputed leader of the left wing in the inner circle of the administration, Hill the head of a high-school department of social sciences. "Our Economic Society" is essentially an elementary economics textbook, but it bears little resemblance to the traditional beginning treatise in economics. Its content is accurately described by the subtitle, "American Levels of Living and How to Improve Them," which is related to the New Deal and what lies beyond.

Like Mooney's "New Capitalism," this book abounds in charts and illustrations; but there is a great difference in the charts. Not only are they uncolored, but they are factual, not hypothetical. Both books, for instance, have charts on the distribution of income: Mooney, charts illustrating the flow of income and its assumed distribution; Tugwell and Hill, charts showing the amounts actually received by income groups and what people with varying incomes spend for food, clothing, etc. From all that appears in "The New Capitalism" one might well conclude that everybody is now working and earning at least $800 a year. Tugwell and Hill are "intellectuals," Mooney an industrialist; but the former deal with the present situation concretely, the latter abstractly.

Interesting speculations might be indulged in as to why practical men of affairs when they turn their attention to social problems so often find the solution for all ills in abstract "fundamental principles of justice," morality or religion and in the omnipresent law of supply and demand which is the expression of these principles in the economic sphere. It would also be profitable to inquire why taxes are treated, not only by business men but by many economists, as if they appeared on one side of the social balance sheet only, although it is manifest that the dollars spent for taxes afford employment no less than the dollars spent for automobiles. For present purposes, however, a guess as to the probable influence of these books may be most appropriate. That Mooney's appeal to fundamental principles will make few converts for the new (old) capitalism seems very certain. MacDonald's calling of names is much more likely to be effective, but the overworked "dictatorship" and "socialism" lack the popular appeal of "the New Deal." It is the reviewer's belief that so long as critics rely upon abstraction and invective the majority of the American people will not only continue their support of Roosevelt's policies but, in spite of Dr. Wirt and the Committee for the Nation, will be prepared to follow Tugwell in further experiments.

EDWIN E. WITTE.

The Artist as Reporter

In All Countries, by John Dos Passos. New York: Harcourt, Brace and Company. 273 pages. $2.50.

THE SWEATY murk of a Moscow railroad station; the faraway Caspian Sea and the strange whaleback steamer that isn't strange for it reminds you of an old-style Great Lakes wheat boat; the age-changeless villages in the darkest Caucasus now teeming because the world has changed; Mexico, where the peons sing songs of Emiliano Zapata, and the dead leader's ghost walks over the land of Great Volcanoes; where children stand with sullen doom etched into their faces; and on the train to Guatemala City the crazy woman who screeches like a parrot—the sudden nostalgia for back home, for girls' trim ankles, for the smell and impersonal gray feel of the subway in New York; the wish immediately and by miracle to see the bridges fading into the gloom of waterfront in Brooklyn—and on to Spain, now a Republic of Honest Men, where from the Madrid cafés issue ideas and señoritos who crystalize themselves into pure acts, untainted by sentiment and soberly kill beasts and other men as part of ritual or to complete a system—and finally the U.S.A., where the spectacles of the Republican, Democratic, Socialist and Communist parties in convention bewilder rather than clarify; where three hundred Red agitators invade Passaic in taxicabs and are driven away by gun-upholstered cops; where Sacco and Vanzetti are condemned by a frightened ruling class, and then are murdered though the world protests; where the Supreme Court sits in a dry and sepulchral chamber; where there were Hunger Marchers and a Battle of Anacostia Flats: the nearest to an unwieldy chaos of all the places visited; and suddenly the wall of backs of White House correspondents parts and there appears the face of a man with a light and unworried smile.

Dos Passos goes to Mexico, Russia, Spain and Washington, D. C. He writes:

> Well, you're a reporter, you tell yourself. You're gathering impressions. What the hell good are impressions? . . . Worthwhile writing is made of knowledge, feelings that have been trained into the muscles, sights, sounds, tastes, shudders that have been driven into your bones by grim repetition, the modulations of the language you were raised to talk. It's silly to try to report impressions about Moscow; you can stay there and work or you can go home and work.

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It is not silly when Dos Passos does it. Writing a beautiful, jaggedly contemporary prose, he drives the sights and sounds and tastes and shudders into the reader's bones, evokes the places and the peoples seen, and acts and scenes witnessed completely. The usually vague distinction between the artist and the reporter becomes pronounced here and consists in the artist's having more depth and comprehension and sympathy, maybe more love for humans living. He has many functions, but when he recreates something that really happens he does a better job than would an apparently cold, objective, will-not-take-sides reporter. Events in his hands become significant, have a meaning, acquire direction, become part of life, and place themselves in time's duration.

The book was written as Dos Passos traveled, and the various portions are dated from 1925 until today. In the earlier parts he still tries to be impartial, and the result is a diffusion of emphasis that somehow becomes the very picture of the confusion of our times. But together with so many others he finally develops a political point of view and begins to draw conclusions. He becomes a partisan, and even those who still want a reporter to keep up the pretense of impartiality, will find Dos Passos now a surer and therefore a better and more objective writer.

NATHAN ASCH.

The Cream of the Jest

A History of American Graphic Humor, by William Murrell. Volume I (1747-1865). New York: Whitney Museum of American Art. 245 pages, illustrated. $5.

IN A FOREWORD to this history of American caricature up to the Civil War, Mr. Christopher Morley points out quite justly how valuable such a record is to the sober historian, but in fact the book has a kind of interest that neither the author, Mr. Murrell, nor Mr. Morley draws out. Mr. Murrell, indeed, makes little effort either to point a moral or to adorn his tale: his outline is useful and pedestrian, and the 237 illustrations lift the rest of the burden off his shoulders. He stops at no point, not even at the end, to remark what his graphic humorists have mainly done, or—what is at least as interesting—what they have largely refrained from doing. Yet this is the cream of the jest.

Naturally, since caricature is the subject, the book is full of clowns and demons, of blackguards and half-wits, of sorry nags and dying foxes and curs with their tails between their legs. In these symbols, a good deal of laughter—and often, as Mr. Morley observes, a surprisingly hard and harsh laughter—is evoked at the expense of the "enemies of society," of the early democrats, the anti-Federalists, the Jeffersonian "Jacobins"; of Jefferson himself as President and, later, of Jackson as a leader of the Western hordes and an implacable foe of the Bank and Biddle; of Dorr and his fellow rebels in Rhode Island, fighting for an extension of the suffrage; of the Negro ruler of Nicaragua and the Negro envoy from Haiti; of the new Republican party in the fifties as a gang of free-lovers, free and arrogant Negroes, Roman Catholics, vegetarians, feminists and socialists. These native Gillrays and Goyas were overwhelmingly on the side of the gentlemen—and the banks.

This, at least, is the impression Mr. Murrell's book conveys, and one imagines that it is roughly accurate. At any rate, he has turned up no graphic attacks on Alexander Hamilton and the post-Revolutionary financiers, no attacks on the aristocratic Anglophiles and Francophobes, no attacks on John Adams and his espionage acts, or on Nicholas Biddle or the first of the Astors or Commodore Vanderbilt; no attacks on Daniel Webster and the Cotton Whigs; none on the ruling clique of landowners and bankers in Rhode Island; none on Polk and Taylor and the plantation imperialists; none, even, on Franklin Pierce! Either Mr. Murrell has consciously suppressed such caricatures when he found them, or American humorous artists before the Civil War were as consistently anti-democratic as their British cousins on Punch. They seem, to a man, to have known what side their bread was buttered on. This record of their work, as a result, throws a colder and sharper light on the age than perhaps it was intended to throw.

NEWTON ARVIN.

Pedestrian

Tia Barbarita, by Barbara Peart. Boston: Houghton Mifflin Company. 360 pages. $2.50.

MRS. PEART'S book—"the incomparable history," says The Times Book Review, "of a glamorous, gay, far-wandering life"—is in effect the pedestrian diary of a restive and saucy woman who married in Ireland and freshened the routine of housewifery by practising it in Argentina, Mexico, New York and other strange lands. Freshened, that is, for herself: as far as the reader is concerned it does not matter where or under what circumstances "sheep . . . continually offended the nasal organs," or Mrs. Peart washed her hair, or felt tired, or said to her husband, or "scandalized the household by trying the effect of the long dresses on her Patagonian dogs" (see "glamorous," see "gay").

One place is in fact just as good as another, for the writing everywhere is heavy, unimaginative and completely unrevealing. The list of places, the interminable catalogue of things, gets so tedious that you wonder a little about those fireside travelers who find complete nourishment in it, substituting mention of place-names for color and human warmth and the fine strong jostle of reality. For them, apparently, a Mexican setting can lend "high spirit" and "vivid intimacy of detail" to such typical lines as:

> Barbarita . . . begged to be allowed to retire early and went to her room. When she lay down her bones ached at the realization that the mattress was as hard as iron and the pillows like a rock. . . . However, she slept like a top and was outdoors soon after daybreak. . . . She got back just in time for breakfast of coffee, hot rolls and a new kind of hot cake. . . . The next day was the wedding.

And for them the Argentine alone seems enough to clothe with "magnificent frankness" such human touches as:

> Barbarita bore her husband a son and heir after a strenuous five-hour struggle. In her first moment of composure afterwards, "Oh, woman, what you have to bear!" she thought. . . .

The book itself—360 pages of just such passages—would ordinarily call for no comment, one way or the other. But its sudden exaltation by reviewers above writings of actual worth makes it something else again, and calls for a statement having less of mercy and something more of truth.

O. C. F.

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Books in Brief

Americana

UNCLE LISHA'S SHOP, AND A DANVIS PIONEER, by Rowland E. Robinson. Centennial Edition. *Rutland, Vermont: The Tuttle Company. 248 pages. $2.50.*

It is delightful to know that the almost forgotten stories and sketches of Rowland E. Robinson are being revived in definitive form. In a pliant, true sense these are full of a rich localism; they have little or none of the sentimentality of the local-color school, though they were written in the same period. They belong rather with work of an earlier time, with the realistic Hawthorne of the diary, with certain prose sketches of Whittier the writings of out-of-the-way humorists of the eighteen-thirties, forties and fifties. As record they go back still farther—to the Revolution. Robinson had known many old "Revolutioners" well. Let the reader who is affronted by his phonetic rendering of Vermont speech forget the awkward look of the syllables, and listen. He will hear native music and enjoy a substantial native wit. These little pieces are all rooted in Vermont. C. R.

RIDING THE HIGH COUNTRY, by Patrick T. Tucker and Grace Stone Coates. *Caldwell, Idaho: The Caxton Printers. 210 pages. $2.50.*

Patrick Tucker, the oldest cowboy in Montana, has written a book as stimulating as cowboy coffee—which, according to American folklore, is "black as a coal, hot as hell and strong as horsehair when they hang people with it." Of particular interest is the account of his friendship with Charles M. Russell, the artist of the range, who in his impressionable scenes recorded the panorama of the frontier and the varying cowboy and gambler types. Freedom from feminine influence was the keynote of the old cowboy life, yet in collaborating with him, Grace Stone Coates has not prettified or sentimentalized the adventures.

Public Affairs

THE PROTESTANT CHURCHES AND THE INDUSTRIAL CRISIS, by Edmund B. Chaffee. *New York: The Macmillan Company, 255 pages. $2.*

The author conceives mankind as facing either an unprecedented catastrophe or "the economic salvation of the children of men." The causes of our crisis he finds to be the profit motive, imperialism, economic injustice. As there is a vital relationship between religion and economics, this situation affords a magnificent opportunity for the Protestant churches to show vision and courage, by preaching the social gospel of Jesus Christ and creating for mankind a future in which justice, peace and plenty will be assured. There is some hope, the author wishfully believes, that they can and will succeed in achieving such beneficent results—"Perchance they were called into existence for such a time as this."

THE WORLD'S WORK AND THE CALENDAR, by Meredith N. Stiles. *Rochester, N. Y.: International Fixed Calendar League. 181 pages. $1.*

This book advocates a reformed calendar of the extremely simple type suggested by Moses B. Cotsworth and supported by the late George Eastman. Every year would be divided into thirteen months of twenty-eight days each; every month would begin on Sunday. The extra month, called Sol, would be inserted between June and July. There would be an extra day, called Year Day, occurring on December 29; and Leap Day would be June 29 of each leapyear.

Philosophy

A PHILOSOPHIC APPROACH TO COMMUNISM, by Theodore B. H. Brameld. *The University of Chicago Press. 242 pages. $3.*

This highly suggestive and stimulating essay is at once a valuable introduction to the philosophic thought of communism and a brilliant analysis of what the author properly regards as the central problem of communist ideology. This problem, in the language of T. V. Smith's Foreword to the book, arises "at the ticklish point where human microcosm and material macrocosm meet." It is the problem of defining the relationship between freedom and fatalism, volition and determinism, activity and acquiescence. Dr. Brameld writes ably and this, his first book, is a model of scholarship, readability and adroit logical integration. He first analyzes, from the point of view of the role of acquiescence, the conceptions of the individual and the world entertained by Marx, Engels and Lenin. He then discusses, from the point of view of the role of activity, the Marx-Engels-Lenin critique of the individual and of the world and of the interaction between them. At the end he rejects the notion that there exists in communist theory an irreconcilable dualism between activity and acquiescence. He concludes that "the absolutistic and experimental aspects of communism are genuinely compatible" and that activism and acquiescence are integrally related parts of a single ideological whole, the devotee of which is enabled to "become at once creator and worshiper of a magnificent human order."

F. L. S.

Fiction

SACRIFICE, by Norah C. James. *New York: Covici-Friede. $2.50.*

Seven characters, selected from passengers traveling into London every morning on a suburban train, are carried along to their various crises. Clerk, salesman, art student, charwoman, elevator operator, stenographer, trainman—all get into trouble, a device calculated to prove their humanity. As these persons are not developed beyond one's first impressions, the device works to the contrary. And as for its mechanical success, it clinks like an armful of bracelets. The degree of penetration below the plain upper surfaces of consciousness may be judged from these samples: Effie the elevator girl, "It was queer, she thought, how quickly sandwiches filled you up." Iris the stenographer, "Being in love gave you no end of a thrill, she thought." The only feeling moment comes in the last sentence: "The train slid swiftly towards the blackness of the tunnel which waited at the end of the platform to engulf it." Here for the first time is suggested something in life or death larger than common creatures of a suburban train, but by now it is too late for Miss James to establish the tremendous relationship. H. H.

Contributors

Jonathan Mitchell, former newspaper man and author of "Goose Steps to Peace," has been in Washington studying the workings of the arms lobbies.

C. Hartley Grattan, author of "Bitter Bierce" and "Why We Fought," lived for over a year in Australia. He contributes articles on recent development in that country to newspapers and periodicals and has written a monograph, "Australian Literature."

Edmund Stevens, Columbia Ph.D. and former chairman of the Committee for the Student Congress Against War, is now in Europe studying social and political conditions.

Hamilton Basso, a native of New Orleans, is the author of a biography of General Beauregard and of two novels, "Relics and Angels" and "Cinnamon Seed."

Norbert Guterman is one of the editors of the French critical review, Avant-Poste, and the French translator of Dos Passos' "The Forty-Second Parallel." He is at present in this country studying social conditions.

Clara G. Stillman is the author of "Samuel Butler: A Mid-Victorian Modern."

Edwin E. Witte, author of "The Government in Labor Disputes," is professor of Economics at the University of Wisconsin.

Nathan Asch is the author of "The Office," "Love in Chartres" and "Pay Day." He has just completed his fourth novel.

Newton Arvin, author of a life of Hawthorne, is professor of English at Smith College.

The initials signed to the brief reviews are those of Constance Rourke, Frederick L. Schuman and Hazel Hawthorne.

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